EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

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UK ELECTRICITY
The dance of the dinosaurs
Page 14

World News

Moscow and Estonia head for clash on election law

Another constitutional clash between Moscow and the Republic of Estonia appeared imminent after the Praesidium of the Supreme Soviet discussed the legality of a recently enacted Estonian electoral law. It appeared that the Supreme Soviet would publish a decree today declaring the law invalid. Page 2

Anti-apartheid talks

South African anti-apartheid groups have called a national conference on October 7 to discuss holding negotiations with Pretoria over ending apartheid. Page 16

Falklands talks

The UK and Argentina held their first formal talks since 1985 in New York in what British officials said was an effort "to establish the conditions and agenda for direct talks." Page 16

Chinese evade taxes

China heavily fined CITIC, the company that symbolises a decade of economic reforms and promotes foreign joint ventures, for tax evasion in a move that could mean hardliners are gaining in a power struggle. Page 3

Iran takes hard line

The Iranian parliament chose Hojatoleslam Mehdi Karrubi, a hardliner known for his anti-Western views, as its new speaker to replace Hojatoleslam Ali Akbar Hashemi Rafsanjani, the newly elected executive President. Page 3

Czech urges caution

Prominent Czech dissident Vaclav Havel appealed to citizens not to resort to street protests on the August 21 anniversary of the 1968 Soviet invasion for fear of provoking street violence. Page 2

Contras released

The Nicaraguan Government released some of the 1,515 Contra prisoners held in Government jails.

Chinese sanctions

China's hardline premier Li Peng, making his first economic policy speech since the army crushed a pro-democracy campaign in June, said the nation could ride out a tide of Western sanctions.

Republican deported

Martin Galvin, the head of Noraid which raises money for the IRA in North America, was deported from Britain after defying an order banning him from the UK.

'Drug funds' freed

West German police confiscated over \$20m that they believed belonged to Colombian drug barons after a tip-off from US officials but a prosecutor overruled their action and released the money.

Business Summary

Wang halts payments on part of \$1bn debt

WANG Laboratories, once high-flying US computer company now in financial difficulties, stopped payments on part of its near-\$1bn debt as talks with its leading bankers ran into problems.

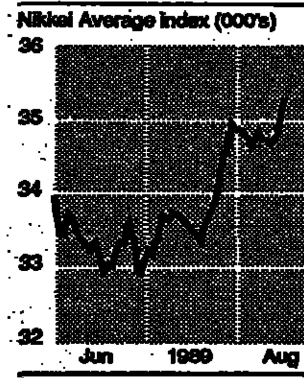
The move, which took Wall Street by surprise, raises questions about Wang's survival as an independent company.

But analysts doubt that creditors will put the business into bankruptcy. Page 17

TOKYO stock exchange: Investors in the Tokyo market shook off the summer doldrums and pushed the Nikkei

Japan

Nikkei Average Index (000's)



35,000 level for the first time. The index surged 273.46 to close at 35,084.15. Markets, Section II.

STANDARD Chartered, London-based banking group, reported a £48m (\$76.8m) loss for the half year after a £203m exceptional provision for problem country loans. Page 17; Lex, Page 16

UK manufacturing: Government statisticians cut their estimate of the underlying growth rate in manufacturing output to 4½ per cent a year in June. Page 6

LIBERTY Life, internationally minded South African life assurer, lifted net premium income by more than 20 per cent in the six months to June to R815.4m (\$298.7m) and its attributable profit by over 43 per cent. Page 18

UBE Industries, Japanese chemicals, cement and machinery maker, released plans for an Y8bn (\$58m) factory in Mason, Ohio, to produce aluminium wheels for American luxury cars. Page 4

CIBA-Geigy, Swiss chemicals and pharmaceuticals producer, reported group net profits of SFr1.38bn (\$823m) for the first half to June, the first time it has published interim earnings. Page 18

WESFARMERS, Perth-based agribusiness and industrial group, reported record annual profits of A\$68m (\$43.6m) but warned that less favourable business conditions ahead. Page 18

QUEBECOR, partner of Robert Maxwell, British publisher, in several Canadian ventures, blamed a 24% drop in first-half earnings on declining newsprint markets and greater than expected losses at its 18-month-old English language tabloid in Montreal. Page 20

Atrocity in Sri Lanka

David Housego, the FT's Delhi correspondent, was this week the first western reporter to visit the Sri Lankan village where Indian peacekeeping troops two weeks ago went on the rampage.

At least 52 villagers were killed, and houses were burnt and ransacked.

His report provides a chilling account of what happened. He seeks to explain why the troops reacted with such brutality to an ambush by Tamil guerrillas.

David Housego's account, with testimony from eye-witnesses, is on Page 15.

WALESA PROPOSED AS POLISH PREMIER AS JARUZELSKI CALLS FOR UNITY

Solidarity close to ending Communist monopoly on power

By John Lloyd in Warsaw

SOLIDARITY, the Polish opposition movement, last night appeared to be on the brink of breaking the 40-year Communist monopoly on power in Eastern Europe by leading a government in Warsaw.

After two days of intense negotiations, Mr Lech Walesa, Solidarity's leader, returned from Gdansk where he launched the independent trade union movement nine years ago and began a round of talks with his colleagues in Poland's newly-elected Parliament.

Solidarity's parliamentary leadership proposed Mr Walesa as Poland's next Prime Minister earlier in the day.

The proposal was contained in a statement given by the leadership to deputies of two small non-Communist political parties with which Solidarity has been trying to form a coalition government following the collapse of efforts earlier in the week by the country's Communist Party to form a government.

Yesterday's historic events followed an appeal from Communist President Wojciech Jaruzelski for all political parties to come together to break the political impasse.

It was unclear whether or not Mr Walesa would accept the proposal that he should lead the first Polish Government not to be led by the Communist Party for 40 years.

In the nine years since its birth, Solidarity has progressed from a massive movement of workers' protest which shook the established order throughout Eastern Europe through outlawry to rehabilitation and now the threshold of power.

The Solidarity leader guaranteed earlier in the week that a Solidarity-led government would respect existing alliances (with the other socialist countries) and remain in the Warsaw Pact – a considerable but necessary concession to the fears of the Soviet Union, which last week expressed alarm and hostility to Solidarity's earlier proposals.

The Soviet Union gave its apparent blessing to a Solidarity-led government last night. A Soviet government spokesman said in Moscow that Mr Walesa had shown good sense in stating Poland's obligations to the Warsaw Pact, but Moscow was still worried about events there.

"We think the statement made by Walesa was sensible, when he said that Solidarity would take into account the fact that Poland is a member of the Warsaw Pact," Foreign Ministry spokesman Yuri Gremitskikh told a regular news conference.

He noted that Mr Walesa had also pledged that the Communists could keep the key defence and interior ministries in a coalition otherwise dominated by non-Communists.

The Executive Committee of the United Peasants Party, whose 76 seats in the Polish Sejm (Lower House), would give Solidarity a thin majority, said last night that it approved the proposal made on August 7 by Mr Walesa to form a coalition government with the Peasants and the smaller Democratic Party.

Shortly after the Peasants' executive issued the statement, the Democrats, with 27 Sejm seats, followed suit.

The executive of both parties had been locked, in 35 degrees of heat, in day-long meetings and their statements showed every sign of being drafted with one eye to approval by the formerly ruling Polish United Workers Party.

The Peasants' executive statement recognised a "qualitative change" in Mr Walesa's position and stressed that this new stance "creates a practical possibility of leading to a reformist government of national responsibility with the participation of all sides of the round table and all forces in Parliament."

This careful formulation would appear to be close to Mr Walesa's concept, which has evolved in the past two weeks from a Solidarity-only element through a Solidarity-Peasants-Democrat coalition to, earlier this week, a grand coalition including Communist ministers in at least the interior and defence ministries.

The Peasants and Democrats' statement followed decisions earlier yesterday of their parliamentary groups to collaborate with Solidarity. The Peasants parliamentary group under Mr Alexander Bentkowski had shown themselves much more pro-Solidarity than the party's executive under the presidency of Mr Roman Malinowski – although it now seems that the two factions have been brought into agreement thus opening the way to coalition.

Earlier yesterday, Mr Mieczyslaw Rakowski, the PUWP first secretary and former Prime Minister, commented with typical acerbity that the Communists were now locked into a "struggle for power" with Solidarity.

However, General Czeslaw Kiszczak, who resigned on Monday as Prime Minister after two weeks of failing to form a government, said he had done so to save the coalition with the Peasants and the Democrats – an apparent recognition that this could only be done if the Party renounced its hitherto unassailable leading role.

Polish Prime Minister Czeslaw Kiszczak (left) discusses the constitutional crisis with deputy premier Treneusz Sekula during a parliamentary session yesterday

Philippines and creditor banks move closer on debt deal

By Norma Cohen in London

THE PHILIPPINE Government and the advisory committee of creditor banks said yesterday they had reached broad agreement on a plan to provide new bank financing and reduce the country's bank debt.

The proposal, along lines suggested in the so-called Brady plan put forward by Mr Nicholas Brady, the US Treasury Secretary, is said to differ significantly from a recent package announced for Mexico.

In the case of the Manila deal, the options offered to banks call for voluntary participation only – making it unclear how much the Philippines will receive. Negotiators were said to have been seeking up to \$1.7bn when talks began last month.

The US Treasury Secretary said the Philippine agreement was expected to promote "significant" debt reduction and to provide new lending. Mr Brady hailed the agreement as further evidence of the workability of the plan for debt strategy which carries his name.

Some analysts noted, however, that the Manila arrangement puts less emphasis on debt reduction and more on new lending. Mr Brady said the financial package "demonstrated the versatility of the strengthened debt strategy."

"Its ability to resolve financing needs on a case-by-case basis responds to the needs and circumstances of individual debtor countries," he added.

The programme will consist of a bond scheme to raise new money as well as a quasi-auction system under which banks could tender their loans for redemption at a discount.

The Philippines is believed to be willing to buy paper back at roughly the current secondary market price of 51 per cent of face value.

The plan calls for all of the Philippines' \$13.2bn in commercial bank debt – which includes about \$3bn in short-term trade finance – to be eligible for tendering.

Mr David Pflug, senior vice president of Manufacturers' Hanover Trust and chairman of the Philippines bank advisory committee, said: "The options of debt reduction and new lending are really directed at two different categories of banks – those that wish to exit from the process as proposed to those that have determined to maintain their credit rela-

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Ceasefire call fails to halt Beirut shelling

By Lara Marlowe in West Beirut and Andrew Gowers in London

AN urgent ceasefire call from the UN Security Council failed yesterday to bring an end to shelling between Christian and Moslem forces in Beirut, but raised faint hopes at least of a temporary lull in the fighting.

Apparently conciliatory statements from Major-General Michel Aoun, the Christian army commander whose troops have been fighting for a Syrian withdrawal from Lebanon since March, and from Syrian President Hafez al-Assad did little to encourage hopes of a halt to artillery barrages which have killed at least 140 in the last week.

Gen Aoun announced he would respect the Security Council's call, issued late on Tuesday night, for an "immediate and total" ceasefire and a lifting of blockades in and around the capital, only if Syria did likewise. He also offered to negotiate with Syria on a settlement at the UN or in his headquarters in east Beirut. Syria, however, has consistently called for his overthrow and is certain to reject such overtures.

President Assad, in a message to Mr Giulio Andreotti, the Italian Prime Minister, promised to do his utmost "to silence the guns and promote, as far as possible, an inter-Lebanese agreement." But his message, replying to an Italian expression of concern about the fighting, made no mention of lifting the Syrian army's five-month-old siege of the Christian enclave centred on east Beirut.

Other Syrian official press comments criticised Arab League mediators, who have tried for more than two months to find a political solution to the Lebanese conflict, for not having blamed Gen Aoun for the latest fighting. Syrian Government newspapers vowed that the country would resist all foreign pressure to withdraw its estimated 40,000 troops from Lebanon.

"I don't think it will solve anything," Mr Walid Jumblatt, the Druze leader who is allied with Syria, said of the Security Council's appeal. "It changes nothing."

Tuesday night's statement – the first formal pronouncement on the Lebanese crisis by the Security Council since the latest phase of the conflict began – was issued after an initiative by Mr Javier Perez de Cuellar, the UN Secretary-General.

The Council appealed "to all the parties to put an immediate end to all operations and to all firing and shelling on land and sea," and to open lines of communication and lift sieges between the two sides of Lebanon's divided capital.

However, the statement did not appear to presage a fresh UN attempt at mediation in Lebanon, deferring instead to the efforts of a tripartite Arab League committee, comprising Algeria, Morocco and Saudi Arabia. This group has already admitted failure, and western diplomats acknowledge that there is little prospect of its achieving any more progress in the foreseeable future. There is a chance, however, that it may resume negotiations within the next few days, building on the Security Council statement's careful wording which did not blame either side.

As usual, the warring parties in Beirut seemed to be taking advantage of the relative calm to prepare for the next round of fighting. A truck loaded with artillery shells could be seen driving towards the Souk al-Gharb front line yesterday morning. Syrian troops were reported to be massing more troops and armour at several positions along the border of the Christian enclave.

Traffic on the highway leading south from Beirut was heavy with refugees from the fighting. Cars were loaded with mattresses, refrigerators, stoves and generators. In the Mar Elias quarter, Shia Moslem refugees were packing bed-

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EC bankers identify possible targets for reciprocal action

By David Lascelles, Banking Editor, in London

THE European Community banking industry has identified 26 non-EC countries which impose restrictions on the activities of foreign banks, making them possible candidates for reciprocal action once the new EC banking regulations come into force.

The Second Banking Directive, being finalised in Brussels, will give the EC power to restrict or bar banks from countries which discriminate against EC banks, or do not accord them "national treatment" by putting them on a level with domestic banks.

The list of offending countries has been drawn up by the EC's Banking Federation, a Brussels-based trade group representing the interests of banks in the Community.

Mr Umberto Burani, the federation's president, stressed yesterday that the list was intended as a survey of restrictions and not as an indictment of particular countries.

The most detailed complaints are levelled against Japan. The report states: "Formally, foreign banks in Japan enjoy national treatment in many fields. For a variety of reasons, however, they have only limited access to the Japanese market."

The report points out that many Japanese restrictions, while applying to all banks, hit foreign banks much harder, mainly because of the difficulty of accessing local funding markets. As examples it cites interest rate controls which favour local banks with large branch networks, the limitations of the interbank money market, and the denial of certain central bank refinancing facilities to foreign banks.

The US is also singled out for restricting both the type and location of foreign bank operations. Some US states, the report points out, bar foreign banks altogether, or grant them only limited licences.

Canada and Australia are cited for imposing tight restrictions on the volume of foreign banking activity, as are Norway and Sweden.

In Asia, the report lists a number of countries who either limit foreign bank activity or issue no foreign bank licences at all. These are China, Singapore, South Korea, Taiwan, India, Indonesia, Malaysia, Pakistan and Thailand.

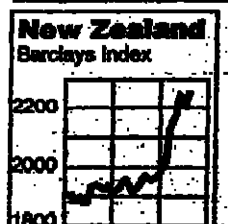
In Latin America, Argentina, Brazil and Mexico all impose limitations on foreign banks.

The report says that in addition to the countries named, foreign banks are subject in some countries to discriminatory fiscal regulations.

The new Banking Directive requires the Commission to identify countries which discriminate against EC banks, and embark on negotiations to obtain equal treatment. If negotiations fail, the EC could then restrict or bar banks from those countries wishing to establish themselves in the EC. However, this action could not be taken retroactively against banks which had already been granted licences.

MARKETS

New Zealand
Barclays Index



INTEREST RATES
US lunchtime
Federal Funds 9% (9 3/16)
3-mth Treasury Bills: yield: 8.205% (8.3)
Long Bond: 99 11/16 (99 3/16)
yield: 8.147% (8.195)
London
3-month interbank close 13 21/32% (same)

STERLING
New York lunchtime
\$1.5820 (1.5775)
London:
\$1.5790 (1.5730)
DM3.0675 (3.0625)
FFr10.3575 (10.3475)
SFr2.6400 (2.6375)
Y224.50 (223.75

DOLLAR
New York lunchtime
DM1.9388 (1.94)
FFr6.5515 (6.5575)
SFr1.66835 (1.6725)
Y141.975 (141.96)
London:
DM1.9425 (1.9465)
FFr6.5600 (6.5775)
SFr1.6720 (1.6775
Y142.15 (same)

GOLD
New York latest
Comex Dec
\$376.6 (377.5)

STOCK INDICES
New York lunchtime
Dow Jones Ind. Av.
2,695.56 (+7.78)
S&P Comp
345.42 (344.71)
London:
FT-SE 100
2,345.8 (+19.6)
World:
151.75 (Tue)
Tokyo
Nikkei Ave
35,084.15 (+273.46)
Frankfurt
Commerzbank
1,962.0 (1,958.1)

OIL
Brent 15-day (Argus)
\$17.12 (-0.03) (Sept)
West Tex Crude
\$18.875 (-0.20)
(Sept)

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W Germany's 'eco-pragmatist' seeks greening of capitalism

Joschka Fischer, head of the pragmatic Greens, believes that in the long-term industry is the best friend of the ecological movement.
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EUROPEAN NEWS

Poles urged to procure own food amid near-panic

By John Lloyd in Warsaw

CONDITIONS approaching panic among Poland's consumers have stirred the Government to let its citizens supply themselves – it has urged them to drive into the countryside, buy produce from farmers and market it in the towns.

The present monopolies over shops are declared abolished.

It has ordered all food stocks to be cleared from stores and put on the market, in an apparent once-and-for-all effort to fill the empty shelves.

The stores include stocks held in warehouses, farming centres, import depots, and – the deepest cut of all – provisions destined for the special shops where the privileged buy their goods.

The authorities have also exhorted the district councils to keep open enough shops to serve the population, even if what they offer is meagre.

In one particularly horrific case publicised on television, one small grocery in Katowice was found to be serving the needs of 120,000 people – all the others were shut up for holidays.

The supply of food is now the subject of endless complaint and anxiety. Meat prices, which have risen several times since the subsidies on almost all foods were removed on August 1, are expected to go up again sharply in the next day or so.

The Government's plea that consumers take matters into their own hands has been echoed by Mr Stefan Bratkowski, a prominent Solidarity commentator. In the movement's daily paper, Gazeta Wyborcza, he called for the destruction of the huge bureaucracy which intervenes between the farm and the consumer.

Mr Bratkowski said that proportionately there were five times more of these drones than in the West, and 11 times more than in Japan – but Poland had fewer shop assistants than anywhere else in Europe.

In the past few days both the Solidarity paper and the Warsaw evening paper have carried stories of elderly shoppers dying in queues – and of queuers stepping over them, fearful of losing their places.

A debate yesterday in the Sejm (lower house) on the nation's finances brought no relief. Mr Jerzy Pakula, president of Poland's national bank, blamed the worsening budget deficit on the outgoing Government and said he had "appealed many times to the Government to take a grip on the budget".

Mr Pakula said that the budget deficit stood at the end of June at about Zl 3.4 trillion (million million).

By a majority of 244, the Sejm decided to reject the budget presented by Mr Andrzej Wroblewski, the Finance Minister. This means the Government now needs the Sejm to pass extraordinary measures for its financing to be legal.

A demonstrator waves the Azerbaijani flag during a rally in Baku for control over the disputed region of Nagorno-Karabakh

Kremlin in feud over Estonian law

By James Blitz in Moscow

THE SOVIET Government last night rushed headlong into a constitutional feud with the Estonia by decreeing that a new Estonian electoral law was "at odds with the USSR constitution."

The Praesidium of the Supreme Soviet in Moscow passed a decree stating that "the respective articles of these laws do not correspond to the USSR Constitution and the international legal commitments of the USSR."

The law, which was passed last week by the Estonian Supreme Soviet, effectively disfranchises ethnic Russians living in the republic from voting in local elections. It is the latest indication by the nationalist leadership in the republic that it does not feel bound by any ethnic or political ties to the USSR.

Last week, the Russian minority in the republic retaliated by calling a strike in which 40,000 workers have failed to work for the last seven days at around 40 enterprises in the region, and transport has been severely disrupted.

The Praesidium's decree, which the Soviet news agency Tass notes was signed by President Gorbachev, says that the Estonian laws "violate human rights which are recorded in the international legal acts ratified by the USSR."

The Praesidium also indicates that it expects the Estonian law to be submited for ratification by the national Supreme Soviet before October 1.

Yesterday's move by the Kremlin comes at a sensitive moment in its relations with the Baltic states, where nationalist Popular Front movements are preparing to commemorate the 50th anniversary of the signing of the Molotov-Ribbentrop next Wednesday.

The pact is regarded by the local nationalists as the warrant which allowed Stalin to annexe the independent states of Estonia, Latvia and Lithuania in 1940. Huge demonstrations, even by recent standards, are expected in all three republics on 23 August.

However, by issuing the decree now, the Soviet leadership is showing its determination to support the ethnic Russians in the Baltics in the face of harassment from the strong nationalist movements.

The Kremlin may also intend this latest move to show that it will not tolerate more nationalist demonstrations by groups in the republic of Moldavia.

Tass reported last night that workers in the Moldavian city of Tiraspol held a two-hour warning strike in protest at the possibility that Moldavian may be about to replace Russian as the official language of the republic. That would be a severe blow to workers in several towns where ethnic Russians predominate.

In Lithuania, a strike by Russian workers has been planned from September 5 in protest at a proposed law defining Lithuanian citizenship.

Soviet television showed an extensive recording of yesterday's Praesidium session after last night. Among the strongest attacks on the Estonian law was one made by Mr Anatoly Lukyanov, the Politburo member who chaired the session.

"You can imagine what would happen if each republic limited itself to protecting the rights of the native population only," he said. "It is important to protect the rights of all nationalities before the constitution."

Britain seeks new partners for advanced short-range air-to-air weapon project

Bonn pulls out of missile venture with UK

By David White in London and David Goodhart in Bonn

DEFENCE relations between Britain and West Germany have suffered another setback with Bonn's withdrawal from a joint development programme for a new air-to-air missile.

The project, Advanced Short-Range Air-to-Air Missile (Asraam), has already suffered long delays and is now in some doubt.

The West German Defence Ministry refused to comment yesterday on a report in Jane's Defence Weekly, the specialist magazine, that Bonn had given notice it was withdrawing funding from the venture.

British officials confirmed, however, that new partners were being sought to replace the West German contribution. British Aerospace, the project's prime contractor, is due to meet US and European manufacturers in the next few days to try to find risk-sharing partners.

The officials said the meeting was to "make good shortfalls," implying that the UK was not prepared to assume all the development costs of the weapon.

West Germany had been expected to fund more than 40 per cent of development, with minor participation by Norway and Canada. Bonn has been reviewing its priorities to fit a flat defence budget of DM54.47bn (£17.8bn) for 1990, increasing only in line with inflation. Procurement expenditure is set to fall by 4.5 per cent.

The missile is planned under a multi-billion dollar US-European collaborative programme to meet Nato missile requirements to succeed the current short-range Sidewinder and medium-range Sparrow, known in its British version as Sky Flash.

The weapons are part of the armament foreseen for the four-nation European Fighter Aircraft, now under development. However, the future of the EFA has been called into question as a result of a still-unresolved dispute between the UK and West Germany over the choice of a radar.

Reports in Bonn suggest it is increasingly unlikely that the Government will take the 250 aircraft originally planned.

These industrial conflicts have coincided with problems between Bonn and London on defence policy issues.

The two governments took opposite sides in the Nato row on the future of short-range nuclear missiles in Europe, which culminated in a compromise at the Alliance summit in May. They have also diverged on training needs in West Germany, particularly low-flying by the RAF.

Asraam, a wingless, infra-red guided missile, was originally due for service in the late 1980s, but production is not now scheduled until the mid-1990s. Project definition was completed almost two years ago, but a go-ahead for full-scale development is still awaited.

Last August, the UK took over the chief role in the project. In exchange, West Germany was to become the "pilot nation" for European production of the US-developed medium-range sister missile, Amraam.

British Aerospace became prime contractor for the short-range Asraam in place of BBG, a German-based joint venture in which it was a partner with Bodenseewerk Gerätetechnik.

The West German company was to continue in the project, however, as a principal subcontractor. The two manufacturers have already co-operated on European production of the Sidewinder.

UK officials said then that a decision on full-scale development was expected to take "a few more months."

One of the main uncertainties hanging over the programme is that the US has made no commitment to buy Asraam.

On the other hand, the UK and West Germany are both committed to the medium-range Amraam, for which Hughes is the US prime contractor.

Non-nuclear policy under assault in Sweden

By Robert Taylor in Stockholm

SWEDEN'S ruling Social Democrats are coming under mounting pressure from their powerful blue-collar trade union allies to change the country's non-nuclear policy under which all 12 atomic power stations will be closed by 2010.

The issue will be discussed tomorrow, when party leaders present a wide-ranging document on the future of social democracy in the 1990s.

The paper – a curtain-raiser for next year's Social Democrat party congress – is not expected to call for the outright rejection of the non-nuclear strategy, but it will almost certainly cast doubt on the wisdom of what has been agreed.

Union leaders have strong representation in the working party which has drawn up the report.

The blue-collar unions, which are co-ordinated by the LO confederation, fear that the Government's commitment to phasing-out nuclear power, due to start in 1995-1996 with the closure of two plants, will have a serious impact on industry.

They also argue that the energy policy has objectives which appear to be incompatible.

On the one hand, the aim is to phase out nuclear power. It is also intended to cut, by the mid-1990s, current levels of carbon dioxide and sulphur dioxide emissions as well as prohibiting the exploitation of more rivers in the north to provide hydro-electric power.

At the same time, however, the Social Democrats continue to affirm their commitment to the principle of economic growth.

The debate on nuclear power, which has provoked bitter divisions in Swedish politics over the past decade, is likely to be further exacerbated by the union action, which is backed discreetly by private sector employers.

Six separate inquiries are already in session, each looking at the most effective alternative energy resources.

But, by common consent, time is running out for any significant shift in direction. The crucial decisions will have to be taken by next spring if the closure of the first two power stations at Ringhals and Barsebaeck are to go ahead.

Chips are down in frites battle

By Tim Dickson in Brussels

A ROW is brewing in Belgium which threatens to make the country's language squabble seem like a Sunday afternoon tea party.

At stake is the famous Belgian "frite" (or chip) – a food served in large quantities with everything.

Needless to say the row involves two men, one Flemish and the other Walloon, both of whom claim to have invented the "hexagonal" chip.

The Flemish combatant, according to Belgium's news agency Belga, is Mr Roland Stroobandt, a Bruges potato merchant, who invited the press to a first tasting of his new product yesterday.

It was only then that a certain Giuseppe Bonsignore of Liege chipped in with an angry message explaining with some forcefulness and much documentation that he was the author of the six-sided chip, that he had asked for the invention to be registered in September 1987 and that it had indeed been registered on May 16 this year. He had even received a medal for his efforts at the Eureka 87 exhibition, he added.

Back in Bruges Mr Stroobandt declared that he had registered his chip at the patent and trade mark office in the Hague. So there.

Belga, meanwhile, also reported yesterday that the University of Gent had carried out a study on the hexagonal chip which concluded that the taste of the new product "is much more pronounced" than its four-sided poor relation, notably "because the contact zones between the chip and the fat are signficantly reduced".

Havel warns on street protests

By Leslie Colitt in Berlin

PROMINENT Czech dissident Mr Vaclav Havel has appealed to citizens not to resort to street protests on the August 21 anniversary of the 1968 Soviet invasion, because he fears the Communist authorities would use demonstrations to provoke street violence.

The Czech authorities had earlier warned Mr Havel, the country's leading playwright, and many other prominent members of the independent opposition to stay away from Prague on the anniversary of the Soviet occupation.

Rude Pravo, the party newspaper, carried a statement by the official human rights committee calling on the population to refrain from "emotional" activities, which it said would not solve problems.

The authorities had earlier told Mr Havel and other opposition members to leave Prague for the anniversary, which triggered large demonstrations against the country's conservative leadership last year.

Mr Havel has been interrogated repeatedly in recent weeks in connection with a petition, signed by more than 15,000, which called for civil liberties and a reassessment of the 1968 invasion.

Meanwhile, Mr Stanislav Devaty, a prominent signatory of the Charter 77 independent human rights movement, was still in custody in Prague. He was detained on August 4, on suspicion of preparing to break the law.

Rotterdam rules on toxic waste

A ROTTERDAM court yesterday ordered that toxic zinc waste turned away by Brazil in July should returned to its original owners – Belgium, Italy and Denmark, Reuter reports from The Hague.

The court ruled that the Dutch company Magnus International must remove the 2,000 tonnes of toxic waste from the Dutch port where it has been stored after environmentalists and Brazilian officials prevented its disposal in Brazil.

The court said the company would be fined $50,000 a day if it did not remove the dangerous chemicals within two weeks.

Magnus shipped 1,000 tonnes of toxic waste from Denmark and Belgium to Brazil in June.

The ship, the Pro Americana, was forced to return to Rotterdam after Brazilian authorities refused it entry, saying the vessel carried chemicals which the importer was not licensed to process.

Another 1,000 tonnes from Italy and Belgium was prevented by Greenpeace, the environmentalist group, from being loaded onto a second vessel destined for Brazil.

The ruling was a victory for the Dutch Environment Ministry, which appealed to the court to have the waste removed.

Belgium and Denmark have already agreed to take back their own waste.

More glasnost in phone book

Muscovites who now have to rely on word-of-mouth for the telephone numbers of foreign embassies will soon be able to let their fingers do the walking, according to the Tass news agency, Reuter reports. The limited telephone books available in Moscow are being expanded by 20,000 entries and will now include embassy numbers, it said.

Telephone books are in short supply and list various establishments but do not include individuals' home numbers. The books will apparently still not include personal numbers for Moscow's estimated 9m residents.

Armenian archives

Turkey's Ottoman Empire archives on the Armenians, opened three months ago in a fanfare of publicity, have failed to attract a single foreign scholar, Reuter reports. Turkey opened 17 volumes of documents covering the Armenian question from 1691 to 1894 last May, saying they would refute Armenian charges that 1.5m members of the community were massacred earlier this century.

Budapest allows tent city for refugees

HUNGARIAN authorities yesterday gave permission for a tent city to be built in Budapest to house about 100 East Germans seeking to emigrate to the West, AP reports from Budapest.

Mr Csilla von Boeselager, president of the Hungarian Maltese Caritas Organisation said in an interview about 20 military tents would be erected today on a camping ground in a working-class district in the Pest part of Budapest.

The tents, sent with cots by the West German Red Cross, can shelter up to 350 people, the state news agency MTI said. They will house some of the hundreds of East Germans – most of them in Budapest illegally after overstaying their visas – who were moved to a churchyard from their makeshift camp outside the West German consulate.

Some East Germans began round-the-clock vigils outside the consulate last month in hopes of getting help to emigrate to West Germany.

Bonn Government officials said that 141 adults and 40 children were in the West German Embassy. Hundreds more are said to have gone underground rather than return home.

East Germany and Hungary are Warsaw Pact allies, and Hungarian officials have privately acknowledged that East German attempts to use Hungary as a springboard to the West is leading to tensions with East Berlin.

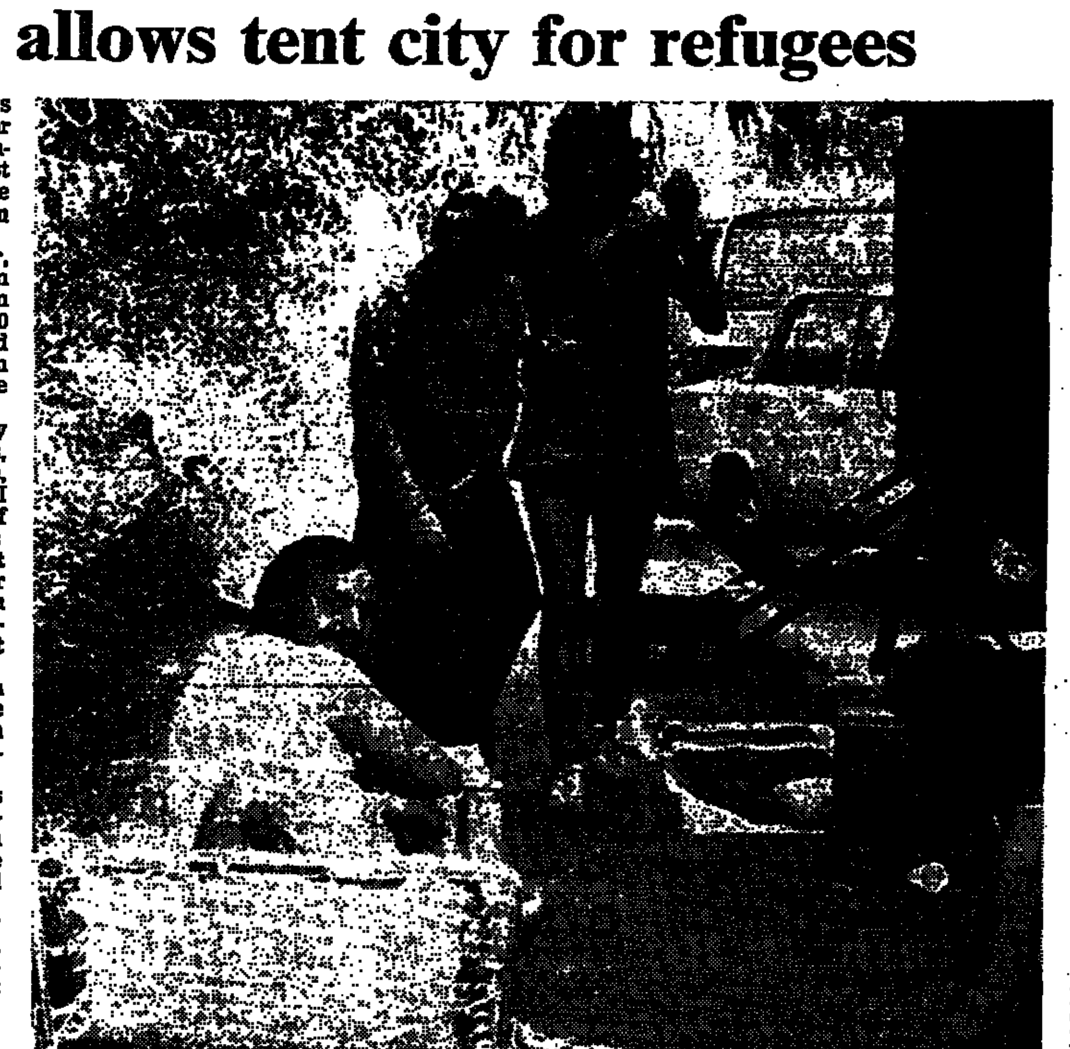
Officially, the Hungarian Government insists that the affair is strictly between the two Germanies. But a West German diplomat said that the Hungarians are doing what they can to help the East German asylum seekers.

"The tent city OK comes officially from the mayor of Budapest, but it's clear that the (Hungarian) interior and foreign ministries were consulted," said the diplomat on condition of anonymity.

East Germans have a right to West German citizenship under West German law. But Hungarian border guards only allow them to leave Hungary if they have entry visas issued by Hungarian consulates in West Germany, making the passports useless so far.

Passports had been issued at the West German consulate here until last Friday. But Bonn officials decided to close the consulate and embassy indefinitely Monday, saying diplomats there could not handle the crush of East Germans seeking help in leaving their communist homeland.

Hungary, one of the most liberal Soviet bloc countries, began removing barbed wire and other barriers from its western border with Austria in May, leading to a rash of illegal escapes by East Germans to Austria.



A couple walk past East Germans camping near the West German consulate in Budapest yesterday

E Germany warns Bonn over asylum

EAST Germany warned Bonn yesterday bilateral relations would suffer if West Germany did not stop sheltering East Germans in its diplomatic missions, Reuter reports from East Berlin.

It was East Germany's strongest protest yet to Bonn over the refugee crisis.

There are more than 150 East Germans in West Germany's embassy in Budapest and 116 in its mission in East Berlin. Others are in Prague, Belgrade and Warsaw, all seeking exit visas to the West.

The official news agency ADN said the East German Foreign Ministry called in Bonn's permanent representative to protest against West Germany's attempts to help East Germans wanting to leave. Despite the sharp protest, the East German leadership has signalled readiness to start diplomatic negotiations with Bonn on resolving the refugee crisis, West German government sources said.

They said East Berlin conveyed the message to Bonn officials by telephone after a meeting of East Germany's ruling Politburo. It was in response to a letter from Mr Helmut Kohl, West German Chancellor, to Mr Erich Honecker, the East German leader urging diplomatic contacts to settle the problem. There have been no talks on formal diplomatic level since the refugee crisis began at the start of the month.

Ten of the East Germans camped out in Bonn's Budapest embassy left the building and returned to East Germany after being assured their emigration applications would be seriously treated back home.

East Berlin objects to Bonn's refusal to recognise a separate East German nationality. It also objects to Bonn's view that all Germans are entitled to a West German passport and residence in the West.

Wallenberg hope

A MEMBER of the group probing the disappearance of Swedish diplomat Raoul Wallenberg at the end of World War Two said yesterday they hoped to press Soviet officials to release more information about his fate, Reuter reports from Stockholm.

European Court gives the bird in case of West German dyke

By Tim Dickson in Brussels

FEATHERS WERE well and truly ruffled in Brussels yesterday when the European Court of Justice rejected a claim by the European Commission that work on a large dyke project in north-west Germany threatened to harm the area's bird life.

The Commission had asked the court to halt construction work immediately on the grounds that the Bonn Government was contravening an EC directive of 1979 relating to the conservation of wild birds.

The case concerned the area round the bay of Leybucht, north of Emden, long a breeding and feeding ground for various species of bird, notably for the avocet. Leybucht was created a special protection zone by the Lower Saxony in 1985.

The Commission in its submission maintained that the work – phase four of a programme initiated in late 1985 – involved significantly reducing the space for wildlife and thus reducing the numbers of certain species covered by the 1979 directive. It was also claimed that plans were afoot for a tourist project.

This was denied by the Bonn Government, which maintained that storms in 1953, 1962 and 1976 had demonstrated that the dykes were not sufficiently strong and that reinforcements were required. Measures necessary to protect the coastline took precedence over measures to protect birds, even in protection zones.

Giving its reasons yesterday the European Court said that figures produced by the Lower Saxony authorities showed that most of the avocets in question had disappeared before the contested work had begun, and that the Commission had not been able to justify its claim that large numbers of tourists would disturb the bird life.

Hackers indicted on suspected espionage

THREE West German computer hackers have been indicted for providing the Soviet KGB with information from military and industrial computers in the United States, Britain and 10 other countries, AP reports from Frankfurt.

Mr Kurt Rebmann, the chief federal prosecutor, said the case represented his office's first prosecution of computer hackers for endangering national security.

Mr Rebmann said the three men were indicted "on suspicion of espionage activities for the Soviet intelligence agency KGB." The West German Government has called the break-up of the spy ring "a major blow" to the Soviets.

The chief federal prosecutor identified the men only by their first name and the first initial of their last name, in keeping with West German practice.

Mr Rebmann said the hackers provided the Soviets with "information from and passwords to a large number of computer systems in the research, industrial and military area."

After the three men were arrested in March, West Germany's ARD television network reported that at the bidding of Soviet agents, the computer hackers gained access to a key US Defense Department computer known as Optimus.

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Politicians trade insults over Australian budget

By Chris Sherwell in Sydney

AUSTRALIAN financial markets reacted calmly to yesterday's poor balance of payments figures and Tuesday's sober budget, as political leaders traded insults over the economy.

The current account deficit was put at A$1.7bn(£817m) in July, the first month of the new 1989-90 fiscal year. Though high even by recent standards, it was lower than expected and in line with government projections on Tuesday of a record A$18.5bn for the year.

The budget itself, which foreshadowed a record A$9.1bn federal government surplus and longer-term reforms of retirement and industry policies, was broadly well received for continuing a firm squeeze on demand while leaving the way open for a future easing of monetary policy.

But opinions differed on its likely impact. Mr Paul Keating, the federal Treasurer, insisted it would ensure a "soft landing", while Mr John Hewson, the shadow Treasurer, said the Treasury had built in the possibility of a recession in the second half of the fiscal year with unemployment rising.

He also pointed to yesterday's payments figures to underline his assertion that Mr Keating's budget strategy had "no answer" to the balance of payments problem. "The best you can say is that they tried to slow the economy and pray," he said.

Mr Keating challenged the opposition Liberal and National party coalition to produce its own detailed and costed expenditure and taxation plans. He lambasted his opponents' record, calling them "emaciated intellectual wrecks".

Some companies did echo Mr Hewson's accusation that Mr Keating was "raping the corporate sector" with his order to them to bring forward their payments of corporate tax and make PAYE payments twice a month instead of once - measures which are boosting the projected surplus by A$1.3bn.

Figures from Coles Myer, the country's largest retail and biggest employer, suggested it would have to borrow around A$57m extra to meet the PAYE requirements, at a cost of around A$7m net.

As for the budget announcement of a halt to government Treasury Bond tenders and the start of a reverse tender programme to repurchase bonds, it was generally agreed yesterday that these moves would entail alterations to key bank liquidity ratios and intensify interest in semi-government and corporate bonds.

On the foreign exchanges the closely watched Australian dollar finished at 58.9 on a trade-weighted basis (May 1970=100), down from 59.3 on the day but still within the 58-60 range dictated by Reserve Bank interventions since May.

Money market reaction was even more subdued. Interest rates on 90-day bills were unchanged at 17.98 per cent, and the rate on the 10-year bond weakened marginally to 12.96 from 12.93. The weekly Reserve Bank tender saw marginally higher yields on 90-day and 180-day bills.

Indonesian growth outstrips expectations

By John Murray Brown in Jakarta

INDONESIA'S economy grew by 5.7 per cent in 1988, President Suharto announced yesterday, outstripping earlier growth forecasts and further underlining the success of the country's recent economic reforms.

In an Independence Day address before the National Assembly President Suharto said the economy had recovered "robustly" since the fall in the price of oil, previously Indonesia's leading export and main source of government revenue.

Growth had earlier been calculated at around 4 per cent by Bappenas, the Planning Ministry. This compared with 3.7 per cent in 1987. Economists say 5 per cent growth is the bare minimum to absorb those joining the job market.

In a two-hour speech broadcast on state media the President predicted Indonesia's Gross Domestic Product, a measure of a country's output of goods and services, to average 5.9 per cent during the current five-year plan to 1993.

The markedly improved GDP figures follow an official recalculation of the performance of key industrial sectors particularly in private manufacturing. Bankers say the figures reflect the sharp increase in non-petroleum exports, in response to the Government's recent series of reforms in trade, investment and finance sectors.

The main thrust of reform has been on efficiency and competition, encouraging the private sector and reducing the dominant role of the state and a few powerful private interests in the economy. In an effort to reduce trade distortions tariffs have been introduced in place of non-tariff barriers and several trade monopolies have been dismantled.

New areas have been opened to foreign investors and investment licensing has been streamlined. In June the Government introduced a six-page negative investment list, which is seen as a big step to eradicate distortions between foreign and domestic investment.

In banking, there is new competition between state and private banks. At the same time the central bank has raised capital adequacy requirements and brought in new limits on inter group lending by private banks.

Largely in response to reforms manufacturing exports jumped more than 40 per cent in 1988. Many companies are making use of existing plant capacity - the result of over-ambitious expansion plans during the oil boom years. However according to officials new foreign investment commitments also rose in 1988, up 200 per cent to reach reached $4bn. This compares with a low of just $826m in 1986. Manufacturing now accounts for 18 per cent of GDP.

Rafsanjani deputy to be Iranian speaker

By Kamran Fazel in Tehran and Victor Mallet in London

THE Iranian parliament yesterday chose Hojatoleslam Mehdi Karrubi, a hardliner known for his anti-Western views, as its new speaker to replace Hojatoleslam Ali Akbar Hashemi Rafsanjani, the newly elected executive president.

With Iranian clerics and politicians still jockeying for position before a cabinet reshuffle by Mr Rafsanjani, it was not immediately clear whether Mr Karrubi's appointment was permanent.

He defeated Hojatoleslam Ali Akbar Nategh Nouri, the relatively moderate former Interior Minister, by 147 votes to 92.

It is possible that the post of Majlis speaker will eventually go to the late Ayatollah Khomeini's son Ahmad, who must first become a member of parliament in a by-election. But Mr Karrubi was a loyal deputy speaker under Mr Rafsanjani and may be able to retain the post.

The Majlis is always anxious to assert its power, and will probably reject one or more of Mr Rafsanjani's cabinet choices to demonstrate its independence.

Mr Karrubi, aged 52, joined Khomeini's movement in 1963 and was imprisoned six times under the Shah. He is said to have led the anti-Western demonstrations in Mecca two years ago which prompted clashes between pilgrims and Saudi security forces. More than 400 people were killed.

In what appeared to be a swipe at the hardline faction in the Iranian government, a group of MPs yesterday called for the impeachment of Mr Behzad Nabavi, the Heavy Industries Minister, over alleged corruption at a vehicle assembly plant.

Managers at the Tehran factory which assembles Renaults were accused of taking bribes and foreign currency payments to put customers at the top of the waiting list for new cars. Mr Nabavi has already denied that he was involved in any wrongdoing.

On Tuesday Ayatollah Khamenei, the new revolutionary leader, appointed Ayatollah Mohammad Yazdi to head the judiciary. He is regarded as a religious conservative, but he also opposes state domination of the economy.

Christina Lamb adds: Mr Yaqub Khan, Pakistan's Foreign Minister, arrived in Tehran yesterday where he is expected to mediate in indirect US-Iran talks on the issue of Western hostages held by Shias in Lebanon.

Reports that Pakistan, which has good relations with both countries, could act as an intermediary, have been played down by officials in Washington and Islamabad, and the Bush Administration would not want to engage in steps that would undermine their position of "no bargaining with hostage-takers".

However, recent statements by President George Bush suggest he is anxious to begin a dialogue with post-Khomeini Iran that might lead to the release of the hostages.

Officials in Pakistan's Foreign Office admit that the hostage issue was discussed on Mr Yaqub's recent trip to Washington. They say it is bound to come and in Tehran if an opening is forthcoming the US would hardly discourage it. Mr Yaqub is expected to fly on to Damascus.

'Guidance' for Chinese students

By Peter Ellingsen in Peking

STUDENTS returning to study at the People's University in Peking were relaxed yesterday as they filed across campus to an auditorium where an official videotape of the army's attack on Tiananmen Square was being shown.

The film, like most of the Party propaganda on the crushing of the student-led democracy movement, was required viewing. At least it was short, which is not true of the indoctrination being planned for new students at nearby Peking University.

In a move reminiscent of the Cultural Revolution, the college's first year students will have to do a mandatory year's military training before being allowed to begin courses. As part of a trial programme which could be extended to more than 2,000 colleges next year, freshman will be shuffled off to the Shijiazhuang Army base in Hebei Province.

Although this is bitterly opposed by students and most teachers, all new undergraduates, including those from Hong Kong and Macau, must enlist for a year so that any lingering western, or "bourgeois liberal" tendencies, can be removed.

The ruling Communist Party is introducing the programme because it believes students have had it too easy, and must learn to appreciate hard work and socialist ideals.

According to Deputy Education Minister, He Dongchang, students have been too influenced by western values. "We want to guide students so that they become close to the workers and peasants," he said.

Similar but more extreme measures marked the Cultural Revolution when young people were sent to the countryside after education. That tactic succeeded only in destroying the economy and depriving a generation of schooling.

Last week the Government decreed that this year's 35,000 graduates would have to work in the fields for one or two years before they could continue study.

Peking fines companies for tax evasion

By Our Foreign Staff

CHINA'S hard-line leadership has cracked down on five of its most successful companies which have burgeoned under the economic reform, launching its promised programme of cleaning up high-level financial irregularities and conveniently swiping at businesses which could be considered ideologically unsound.

Peking has fined the China International Trust and Investment Corporation (CITIC) and four other state companies a total of more than Yuan 51m (nearly $14m) for tax evasion and illegal business dealings, the official New China News Agency reported. It added that the fines - very large by Chinese standards - followed a 10-month investigation.

Ominously for the management of these companies, Lu Peijian, China's auditor-general, was quoted as saying: "Those responsible for the violations of law and discipline would be dealt with by the state supervision and judicial organs."

The biggest fine - Yuan 19.2m ($5.2 m) was imposed on the Everbright Corporation, a large trading and investment company in Hong Kong. Everbright is run by the elderly Wang Guangying, a former capitalist and brother-in-law of China's former head of state, Liu Shaoqi who died in the Cultural Revolution.

CITIC, virtually a Chinese multinational with huge interests in trade, banking, weapons, and satellites, plus investments in China, Hong Kong and around the world (including a 12.5 per cent stake in Hong Kong's Cathay Pacific Airways), was fined nearly Yuan 19m. CITIC is headed by another former capitalist, Rong Yiren.

Kanghua, set up last year, and linked via tax-free payments to China's Welfare Fund for the Handicapped, run by Deng Xiaoping's crippled son Pufang, was fined Yuan 12m. It is believed to have exploited its links to the Deng family.

Two smaller companies, the China Industry Commerce and Economy Development Corporation and the China Rural Trust and INvestment, were given lesser penalties.

The news agency said about three fifths of the total had already been paid.

CITIC, Everbright and China Industry were all found guilty of illegal foreign currency dealing and tax evasion. Kanghua, which China has already said would be disbanded - the Deng connection is too embarrassing for it to survive - was found guilty of currency violations, profiteering and tax evasion. Rural Trust illegally used savings deposits of government and military units and improperly lent money.

Western diplomats confirmed that the cases against CITIC and Everbright could be politically significant. "They cannot afford to disband CITIC because the impact on the open door policy would be devastating," said one. "But this could be a first step towards building a case against it."

Hong Kong banker cleared of bribery

By Michael Marray in Hong Kong

A SENIOR executive from the Hongkong Bank was yesterday acquitted in a Hong Kong court of four charges of accepting gifts in return for extending banking facilities to a local jewellery company owner.

During the hearing the magistrate, Mr Michael Jennings, expressed surprise at the regular flow of gifts from customers to Hongkong Bank officers, and said that even though presents were allowed to be received with the proper approval from a superior officer, he nonetheless did not approve of the practice.

In acquitting the defendant, Mr Richard Medlycott, Mr Jennings said he saw no reason to question his honesty, and was satisfied he had notified superiors upon receipt of the gifts, which included two jade carvings, pearl earrings and a gold watch.

During the hearing the colony's Independent Commission Against Corruption (ICAC), which brought the charges, revealed that other bank executives in the territory had also been under investigation, and that inquiries were continuing.

The four charges stemmed from the 1987 prosecution of jewellery shop owner Mr Kenny Yip, who was jailed for false accounting and gave statements indicating that he had given presents to around 18 employees of the Hongkong Bank and other banks.

Giving gifts to business associates, usually small but sometimes of considerable value, is fairly common practice in Hong Kong and most of the Far East, and a list produced in court of gifts to Hongkong Bank employees during the 1982 Christmas season - around the time that the charges relate to - showed presents ranging from silverware and wine to gold pens and lighters. Bank officials were not encouraged to turn them down for fear of making the donor lose face. The Hongkong Bank has since put a limit on the value of gifts employees can receive.

Mr Medlycott was suspended from his position as a branch manager in June of this year, but is now expected to resume his duties.

Queueing Vietnamese refugees in Hong Kong fend off the heat of the midday sun with the plastic bowls used to receive their food

UN warning on boat people wins official review

THE Hong Kong government has responded to warnings of dangers of malnutrition and disease among Vietnamese boat people living in the territory by reviewing daily food allowances and examining the possibility of a mass immunisation programme for several thousand Vietnamese being detained on the barren Soko islands and on converted ferries, Michael Murray writes.

In a highly critical report the United Nations High Commission on Refugees has warned of borderline cases of malnutrition on the Soko islands, and that an outbreak of disease could pose a lethal threat to children living there.

Around 7,000 of the newest arrivals are living in squalid conditions as the authorities work to construct new detention centres. Many of the boat people are in poor health on a diet of dry rations of biscuits and tinned meat and fish. No hot food is delivered to the islands, but from tomorrow the British army will be attempting to deliver cooked rice, while a charity has offered to provide fresh fruit.

The Government is also considering bringing in the voluntary agency Medecins sans Frontières to take over clinical services on the island.

Kaunda warns Pretoria and ANC on 'collision course'

By Nicholas Woodsworth in Lusaka

PRESIDENT Kenneth Kaunda of Zambia has warned that South Africa and the African National Congress (ANC) are headed on a "collision course" and called on the Organisation of African Unity and Western nations to help in defusing tensions in southern Africa.

Speaking in the Zambian capital of Lusaka, where the ANC has its headquarters, President Kaunda said in a press conference yesterday that the region had arrived at a "critically important moment." Unless positive steps were taken he expected an "explosion" in South Africa before the end of next year.

Mr Kaunda's warning came in the wake of bitter attacks in South Africa on acting President F.W. de Klerk for his decision to hold talks with Mr Kaunda at the end of this month. Mr P.W. Botha, who resigned a president on Monday night, and right-wing opposition politicians in South Africa, have accused Mr Kaunda of providing protection to the outlawed ANC.

Mr Kaunda declined to discuss speculation that he would play a mediating role between the ANC and Pretoria in his talks with Mr de Klerk. But in an interview after the press conference, he told South Africa's state-run radio that the meeting with Mr de Klerk was the beginning of an important period of bridge-building in southern Africa.

He said that the question of negotiations would be discussed at an OAU committee meeting in the Zimbabwean capital of Harare on August 21.

The President told the press conference that he did not understand why Mr Botha, whom he referred to as "my dear old friend," had resigned over Mr De Klerk's plans to meet him in Livingstone, Zambia on August 28.

S Korean growth of 7.7% forecast

By Maggie Ford in Seoul

A recovery in manufacturing investment and a pick-up in exports in the second half is likely to produce an annual growth rate for South Korea of 7.7 per cent, according to a report published yesterday.

The Korea Development Institute, a Government economic think-tank, said the stabilisation of exchange rates and the end of labour disputes should produce growth in exports during the second half of 6.5 per cent in volume terms, compared with 14.7 per cent for the whole of last year.

The South Korean currency, the won, has appreciated by more than 20 per cent against the US dollar over the past two years, reducing price competitiveness, especially in low cost export industries such as toys and footwear.

The surplus on the current account is expected to reach $6bn, compared to last year's $14bn, the KDI says. It expects South Korea to record a trade surplus of $6.7bn compared with $11.5bn in 1988.

The increase in investment by companies in the second half should bring annual investment growth to 9.7 per cent, according to the Bank of Korea, the central bank, compared to 10.1 per cent last year.

Where the poor play host to the poor

In landlocked and populous Malawi one in 10 people is a refugee, writes Mike Hall

HUGE cities of tiny mud huts have sprung up across southern Malawi, complete with bustling markets, clinics, schools and churches. They are home to 720,000 Mozambican refugees, arriving at a rate of 20,000 a month.

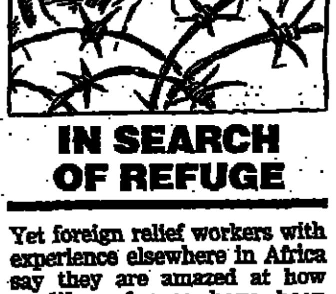
For this small, poor and already populous country, that many refugees is equivalent to nearly 9 per cent. of its own population of 8m - one of the highest ratios anywhere.

The heavy influx began in 1986 when conservative Malawi's relations with its Marxist neighbour were at a low over its alleged harbouring of members of Renamo, the Mozambican rebel organisation. Some of the early arrivals were simply escorted back across the border.

However, by July 1986 it became clear the influx would not stop. The Government asked the Malawi Red Cross to provide relief to 70,000 Mozambicans and set up a Joint Operations Committee to co-ordinate government action.

But within months Malawi was forced to ask for international help. By the time the United Nations High Commissioner for Refugees established a presence in mid-1987, a quarter of a million people had already sought refuge.

The burden is considerable.



IN SEARCH OF REFUGE

Yet foreign relief workers with experience elsewhere in Africa say they are amazed at how readily refugees have been accommodated and are impressed by the efficiency of the relief effort.

Malawi is coping - but only just. There is still no food reserve to cope with any sudden transport holdups, a potentially serious problem for a land-locked country whose main route is through Mozambique.

Rations had to be cut for several months this year when the food supply pipeline broke down, increasing malnutrition and disease in the refugee camps. Deliveries in remoter areas are erratic or non-existent.

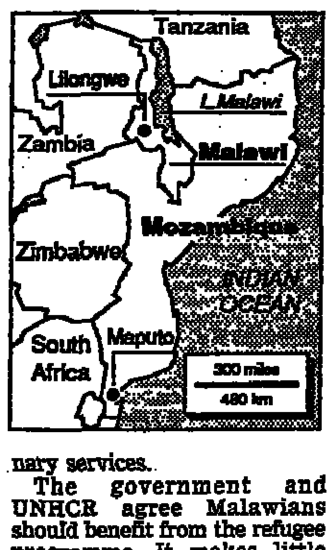
The UNHCR co-ordinates the relief effort formulating policy together with the Malawi President's office and cabinet. The Joint Operations Committee, whose members are aid donors and government ministries, acts as a consultative group. Others involved are the World Food Programme, the French group *Médecins Sans Frontières* and the International Rescue Committee.

The cost of the whole programme is difficult to determine. Food alone will cost $30m this year. About 60 per cent is from WFP, the rest from the US, the European Community and other donors. The UNHCR budget this year stands at nearly $25m.

The impact of the refugee influx is not only negative. Politically, say western diplomats, it has considerably improved Malawi's relations with Mozambique and other neighbouring states.

There have been economic benefits too. A significant new source of employment has emerged for Malawians engaged directly in relief work. Transporters, grain millers, textile makers and companies making cooking pots and water containers have also gained, So too have traders, village carpenters and potters. Some aid workers claim that a few estates employ refugees cheaply at peak times.

The influx has also acted as a development catalyst increasing the provision of services from which Malawians also benefit, including new and closer clinics and water points, better access roads, afforestation schemes - even veterinary services.



The government and UNHCR agree Malawians should benefit from the refugee programme. It makes little sense to exclude local people, some of whom are equally in need, and it prevents resentment. In a few areas, especially the more remote, this policy has even led local Malawians to settle near refugee camps to take advantage of the proximity of services.

But despite the advantages for some, most aid workers, including a top World Bank economist, agree that the overall impact has been negative.

Maize reserves were quickly depleted. Local villagers lost cultivable land to refugee huts and received no compensation. Transport costs went up as truckers ran relief supplies.

Roads have been damaged and tens of thousands of trees have been felled for fuel and building poles. Thatching grass is now in short supply, and the government has spent its own cash on administration and services for refugees.

A recent joint World Bank and UN report estimates that Malawi will have spent $14.5m in 1988 and $10m more in 1989, most of it on hidden costs such as environmental damage.

Repatriation is the only solution for Malawi. Despite an agreement between Malawi, Mozambique and the UNHCR in December last year, the prospect of large numbers returning is still remote.

Malawians may have to live with the refugees for many years. Despite signs of an initiative to bring peace to Mozambique, many in Malawi's camps say they have at last found safety and will not go back until peace is certain.

The painful rise and fall of a refugee state within a state

By Lara Marlowe in West Beirut

REFUGEES from what was once Palestine have posed delicate problems for Arab governments for more than 40 years - whether as political activists, guerrilla fighters or simply as a visible reminder of successive Arab defeats at the hands of Israel.

But nowhere has the effect of their presence been as dramatic as in Lebanon, where the arrival of waves of displaced civilians and fighters - in 1948, in 1967 and then between 1970 and 1971 - helped to destroy the fragile balance that existed between the country's Moslem and Christian communities.

Until the 1960s, Palestinian refugees in Lebanon were generally poor civilians, living in 17 overcrowded and insanitary refugee camps set up around the country by the United Nations Relief and Works Agency (UNRWA). But the Lebanese Government was not strong enough to prevent the establishment of a Palestinian military force, especially in the south-eastern Arqoub region.

Members of the Arab League who did not want to incur Israeli reprisals against their own countries insisted hypocritically that, in the words of the 1969 Cairo Agreement, any Palestinian in Lebanon must "be permitted to participate in the Palestinian revolution."

Syria and Egypt, which did not allow the Palestine Liberation Organisation to use their own territory as a base for cross-border guerrilla raids, enthusiastically endorsed the Cairo Agreement on the PLO presence in Lebanon. Beirut became the PLO headquarters after the Jordanian civil war ended in 1971.

By the time the Israelis invaded in 1982, West Beirut's Fakhani district - with its political offices, military bases and "information bureaus" - was the capital of a Palestinian state within the Lebanese state.

The participation of Palestinian radicals in the early fighting between Christian Maronites and Druze, Moslems and leftists that began in Lebanon in 1975, reinforced the Maronite argument that Christian forces were struggling to free Lebanon of foreign, Palestinian domination. After the Maronites besieged and destroyed Palestinian camps, massacring their inhabitants, Mr Yassir Arafat, the PLO leader, committed his Fatah military branch to the war on the side of the "national movement."

In 1982, the Palestinian presence brought more tragic suffering to the Lebanese. After surrounding more than 10,000 Palestinian guerrillas in West Beirut, the Israelis shelled and bombed the Moslem quarter of the city, killing many thousands of Lebanese civilians. The Palestinians were evacuated after the two-month siege - but most returned to Lebanon within three years.

Today, the Palestinians are largely forgotten by a Lebanon riven by new wars between Christians and Syrians and between pro-Syrian and pro-Iranian Shia Moslem militias. At the cost of more than 1,600 Palestinian lives and the complete destruction of the Sabra and Chatila refugee camps during intermittent "camps wars" from 1985-88, Syria succeeded in destroying the PLO military presence in Beirut.

As many as 8,000 Fatah guerrillas are still based in the southern Lebanese city of Sidon, but their freedom of action is severely limited.

A Syrian-sponsored agreement in January of this year effectually banned the PLO from approaching the Israeli border. The eclipse of the PLO's fortunes in Lebanon has not solved the country's problems, but it is regarded with some degree of relief by the Lebanese.

AMERICAN NEWS

Bush calls for human rights reforms in Cuba

By **Lionel Barber** in Washington

PRESIDENT George Bush yesterday barred any improvement in US relations with Cuba until the Castro regime reforms its political system and ends human rights abuse.

Mr Bush's tough remarks came during a day-trip to Miami, a Cuban-American stronghold, where he campaigned for a Republican congressional candidate before heading for Maine for a three-week vacation.

Mr Bush said he would like to normalise relations with Cuba and would look for signs of relaxation at home by President Fidel Castro, "but until I see such change, there will be no improvement in relations with Cuba".

The Castro regime has recently made a series of overtures to the Bush administration indicating it would like to co-operate to curb drug-trafficking in the Caribbean. The administration has responded warily, repeating allegations that senior Cuban officials have been involved in the narcotics trade.

President Castro acknowledged this recently by ordering the arrest of a senior army officer and several colleagues, who were later executed. But US officials said his moves might have been driven more by threat of internal opposition than a desire to stamp out drug-trafficking.

Mr Bush was campaigning on behalf of Ms Ileana Ros-Lehtinen, who hopes to fill the seat left vacant at the death of Mr Claude Pepper, the celebrated octogenarian Democrat.

Yesterday, Mr Bush repeated his anti-drug message, saying illicit drugs and violence was "the Number One issue across America". The president is to unveil a comprehensive anti-drug programme in Washington on September 5.

Simmering melting pot

Election fuels Miami tensions, writes **Nancy Dunne**

AMERICANS once liked to characterise their country as a melting pot for the waves of immigrants seeking refuge and opportunity. Miami, goal for thousands of Hispanic immigrants over the past three decades, is more a simmering brew of Latin Americans, blacks, Jews and wealthy white retirees.

It was this multi-ethnic mix that Mr Lee Atwater, the Republican Party chairman, threw into ferment when he declared that the congressional seat, left vacant by the death of congressman Claude Pepper on May 31, would in future belong to the Cuban-Americans, who comprise the district's largest ethnic group.

The impolitic remark set off a furore, particularly in Miami, which has endured four black uprisings in the last decade. One Democratic aspirant for the seat, State Senator Jack Gordon, dropped out of the race, asserting: "No statement would more inflame a city that has more tension and antagonism than it can possibly deal with right now... I don't want to get into that kind of divisive campaign."

Even the winner of the Republican primary, Mrs Ileana Ros-Lehtinen, a Cuban-American, and the likely victor in the August 29 election, called Mr Atwater's interference "ethnically divisive".

"Miami," says an observer, "is not typical of Florida. It is more typical of Beirut."

Cuban-Americans have virtually taken over Miami, politically and economically. Miami's mayor, Mr Xavier Suarez, is a Cuban-American, as are three of the five-member city commission. With more than a quarter of the state's electorate, Cubans have helped to send Republicans to the White House since 1980.

Conservatism binds the Cuban community to the Republican Party. Its strong entrepreneurial drive has brought prosperity – and a distaste for the social programmes many blacks demand.

Many of the 34,000 black voters in the congressional district – which also includes Miami Beach, Key Biscayne and parts of wealthy suburbs of Coral Gables and Hialeah – resent the Hispanic hegemony in the Miami area. They believe middle-class Cubans took jobs that ought to have been theirs, and complain that Hispanic bosses tend to hire only Hispanics.

Of the 82,000 white, non-Latin voters, half are Jewish, many are elderly. While fearing the black underclass, they also scorn the growing Hispanic presence. A state referendum last November, declaring English the state's official language, passed by an overwhelming 84 per cent.

Exile politics in the district once centred on anti-Castroism. Now, the Cubans have begun to focus their considerable energies more widely – on economic development and local issues. Like the immigrant groups in other big cities – the Irish, Germans, Poles, Jews, Japanese – the Cubans are more than ready to claim representation of their own in Washington.

The race for Mr Pepper's seat has grown increasingly inflammatory. The Democrats' chances were diminished by the party's failure to produce a candidate in the primary election. The winner of the run-off, on Tuesday, was Mr Gerald Richman, a wealthy Jewish attorney, who exploited the anger against Mr Atwater and the resentment against Cuban-Americans. "This isn't an Anglo seat, it isn't a Jewish seat, it isn't a Cuban-American seat," he declared. "It's an American seat."

Democrats have the advantage in registration by 100,000 to 72,000 in the district, but Mr Richman has only two weeks to mobilise apathetic black and Puerto Rican Democrats.

Both candidates are laying claim to the mantle of the popular Mr Pepper, a fiery champion of the old and poor. Even the conservative Mrs Ros-Lehtinen swears to press on with his work. Mr Richman insists: "The difference between my opponent and Claude Pepper is as stark as the difference between Miami Beach and Anchorage, Alaska."

Figures point to revival in US output

By **Anthony Harris** in Washington

THERE has been a small revival in US industrial production and the housebuilding decline may have bottomed out, figures published yesterday suggest.

At the same time two widely-followed economic forecasters have announced that the economy appears to have achieved a "soft landing" and that no recession is in sight. The Federal Reserve Board figures for industrial production show a rise of 0.2 per cent in July, offsetting small falls in the previous two months. Industrial capacity utilisation is shown as unchanged at 83.6 per cent.

The detailed figures show that pressures in durable manufacturing continued to ease slightly, reflecting the inventory work-off in the motor industry, which reduced capacity utilisation to 81.8 per cent, down from 69.6 per cent in June and 75.7 per cent at the beginning of the year.

However, sales were stronger than expected in July, and are estimated to have risen sharply again to an annual rate of 7.8m in the first 10 days of August.

Figures from the housing market point both ways. Housing starts are reported to have consolidated the recovery shown in the June figures, when they rose from an annual rate of 1.3m to 1.4m; but the much more accurate figures for new building permits show a fall from an annual rate of 1.27m, the second lowest figure in two years.

Mr Sinai said second quarter GNP growth would be in the 2-2.5 per cent range after revisions, instead of the reported 1.7 per cent, and might rise further to 2.5-3 per cent in the current quarter. He concludes that "no recession is in sight" but warns of "uncertainty" about the staying power of business investment spending.

The University of Michigan also published its quarterly econometric forecast of the US economy yesterday. GNP will grow 2.6% in 1989, 2.2% in 1990 and 2.9% in 1991, according to the forecast. Inflation is expected to hold steady at 4.4% in 1989 and 1990.

US civil rights activist Rev Jesse Jackson (left) marches with striking New England telephone workers in Boston.

'Give Contras exile in US'

By **Tim Coone** in Managua

THE Nicaraguan government has begun the release of Contra prisoners and called upon the US to give political exile to those Contras who do not want to remain in Nicaragua.

Of a total of 1,515 rebel prisoners held in government jails, 29 were returned to their families on Tuesday as part of a process of reconciliation.

Under the Central American presidential summit agreement signed two weeks ago, the 12,000-strong army of US-backed Contras based in Honduras is to be demobilised by early December.

The government has, among other measures, undertaken to release all the Contra prisoners as the demobilisation progresses.

In a conciliatory speech made at the northern village of Pantasma, where in 1982 48 peasant farmers of several government-organised co-operatives were killed in a Contra attack, President Daniel Ortega called on the rebels to accept "the outstretched brotherly hand" of the government to return in peace to Nicaragua.

Mr Ortega also called upon the US to support the demobilisation agreement: "As the US government sent them to die, so it should be prepared to give them exile."

Argentine official quits over treatment of army dissidents

By **Gary Mead** in Buenos Aires

A SENIOR Argentine defence official has resigned after disagreements over the handling of dissident military officers.

Mr Humberto Romero, effectively number two in the Defence Ministry, resigned on Tuesday night from his post as Defence Secretary following well-publicised differences with Mr Italo Luder, the Defence Minister in the administration of Mr Carlos Menem.

Mr Romero was widely regarded as a spokesman for dissident opinion in the army. Rebellious troops and officers, known as *cara pintadas* or painted faces because of their use of camouflage paint during insurrections, have staged three rebellions since April 1987. Their grievances have not yet been resolved to their satisfaction.

Mr Romero is understood to have had serious clashes with Mr Luder since the Menem government took office on July 8. The central issue is over what the government will do with those officers, such as Lt Col Aldo Rico and Col Mohamed Ali Seineldin, who are awaiting military trials for their leading roles during the insurrections.

However, a further bone of contention was the recent designation of Gen Pablo Skalany as head of the state-owned military hardware corporation, Fabricaciones Militares (FM). Gen Skalany was nominated by Mr Romero and confirmed by Mr Menem last week, apparently against Mr Luder's wishes. Gen Skalany last December passively sided with Col Seineldin during the last rebellion.

It is thought that Mr Luder and other senior Peronist politicians, together with a group of senior army officers, want to see Col Rico and Col Seineldin resign from the army, as a step towards resolving internal differences. But those close to Col Seineldin say he has no intention of resigning.

The issue is further complicated by President Menem's apparent unwillingness to announce a pardon or amnesty for the rebels or for some 20 senior officers either in prison or awaiting trials on human rights charges outstanding since the "dirty war" of the 1970s.

Such an amnesty, which Mr Menem informally agreed with army rebel leaders to introduce, long before he was elected president, is regarded by Col Rico and Col Seineldin as the first step towards solving the army's internal problems. But now that he is in office, Mr Menem is discovering that the political cost of such an amnesty is higher than when he was on the political sidelines.

● Mr Menem has predicted negative inflation for November this year. Argentina's inflation in July was 196.6 per cent for the month. According to Mr Menem it will be between 25-35 per cent this month, less than 10 per cent in September, and down to 2 per cent for October.

Brazil seeks interest payment compromise

By **Ivo Dawnay** in Rio de Janeiro

BRAZIL is stepping up its efforts to reach a compromise with its commercial bank creditors over $2.3bn (£1.46bn) in interest payments, falling due in the second half of September.

Contacts have intensified since Mr Mailson da Nobrega, the Finance Minister, warned last month that the payment would not be made if it meant reducing foreign exchange reserves below $6bn – which is sufficient for four months' imports.

The banks have made clear that they will be unable to release $600m – the third and final tranche of last year's $5.2bn debt-refinancing agreement – to Brazil if it fails to reach an accord on economic performance criteria with the International Monetary Fund.

Without such an agreement, Brazil would also be unable to draw down some 730m SDRs ($1bn) needed to meet other liabilities outstanding on its total $115bn foreign debts. President José Sarney last month ordered the centralising of exchange operations at the Central Bank and the systematic delaying of corporate profit and dividend remittances to protect reserves in the run-up to the country's presidential elections in November.

Both Brazil and its bank creditors have been attempting to head-off what many are describing as a de facto moratorium by insisting that they are not seeking a confrontation over the country's $68bn commercial bank debts.

Last week, Mr John Reed, president of Brazil's largest single creditor, Citibank, told Brazilian journalists he believed the country could still reach a compromise deal with the IMF to unlock the "new money" lending and let it make its interest payment on time. But there remain wide doubts as to whether Brazil can agree performance criteria with the IMF.

● Mr David Mulford, the US Assistant Treasury Secretary, was due to arrive in Brazil last night for a five-day visit, as part of a tour of Latin American countries. He is due to meet several officials, including President Sarney and Mr da Nobrega.

WORLD TRADE NEWS

Finns to help develop Estonian food processing

By **Enrique Tessieri** in Helsinki

ETEK, a food processing machinery subsidiary of Hankkija Group Co-operative, a leading Finnish machinery, construction and engineering group, has formed Estonia Engineering, a joint-venture food processing machinery company.

Etek will own 51 per cent of the new company and will be the first Finnish company to have a majority stake in a Soviet company.

The new Tallinn-based joint venture company will also be made up by Estcompexim and Konstruerimis ja Teknologia Buroo (KTB), which will each have a 16 per cent stake in Estonia Engineering, as well as Mehaaniline Ehituskolonn (ETK), which will own 17 per cent of the new company.

Estcompexim is a Soviet-Swiss joint venture trading group made up by Kompexim of Zurich, a trading company, the Estonian KTB which is a dairy and meat construction organisation and ETK, a leading Estonian agro-industrial planning organisation with interests in the Baltic area.

"Our purpose in Estonia is not to take direct advantage of cheap labour," said Mr Erkki Vehvilaeinen, managing director of Etek and president of the new Estonia Engineering board of directors, "but to develop the Estonian as well as Baltic food processing machinery market by offering capital as well as expertise in know-how and management skills."

"We plan to become a leading company in the Baltic market and depending on how things go," he added, "we plan to expand our operations to the other Soviet republics as well as to the other [Comecon] countries."

Sectors where Estonia Engineering will be active are: designing, production, construction, installation and servicing: other areas include, trade of agricultural production and processing plants, machinery and equipment.

Although Etek did not want to reveal whether it planned to enter directly into the Baltic food processing market, there is speculation that this may happen.

Etek sources also added that labour shortages and cost makes Estonia, as opposed to cheap-labour countries like Yugoslavia or Turkey, "an ideal place to build a launching pad to Soviet as well as Sev [Comecon] markets." The new board of directors of Estonia Engineering will be made up of nine members, represented by four Estonians and five Finns. The initial share capital investment of the new joint venture will be equally split by Etek and the Estonians at FM 4m (£580,000) apiece.

Turnover for Etek last year reached FM 497.4m and it employs 262 people. Hankkija Group Co-operative net sales reached FM 7.5bn in 1988; the co-operative counts with some 70,000 members.

"We are not worried about the rouble not being a convertible currency," Mr Vehvilaeinen explained.

"A number of possibilities are open to us, such as trading barter goods made in the Soviet Union for hard cash in the West," he added.

"Although still uncertain, it may be possible that Estonia may have its own currency in the future."

"As a Finnish firm, we have to take steps in order to help the Estonians build and develop their economy," Mr Vehvilaeinen concluded. "We are natural partners with the Estonians because language and culture unites us."

Mexico eases chemical curbs

By **Richard Johns**, Mexico City

THE Mexican Government has greatly expanded the scope for private investment in the petro-chemical industry by removing 15 basic categories of chemicals from the list of 34 hitherto exclusively reserved for Petroleos Mexicanos (Pemex), the state oil corporation.

Calculations by the Ministry of Energy, Mines and Parastatals (SEMIP) indicate that the re-classification could generate $5.9bn (£3.75bn) of extra investment in the 1989-95 period, including $1.5bn by Pemex. The objective during this period is to gain self-sufficiency in petro-chemicals, saving $9.7bn on imports over the same period.

Mr Elias Ayoub, an under-secretary at SEMIP, said that private investments amounting to $800m were already under discussion.

Reclassification will also make it possible for Pemex to concentrate its limited capital resources, which have been drained by the demands of the Treasury and by its own external debt burden. This would help it to rectify a substantial trade deficit on goods resulting from the primary stage in the transformation of oil and gas.

In 1988 imports of "basic petro-chemicals", as previously defined, amounted to $663m, while exports were only $73m. Imports of secondary products, at $514m, were exceeded by exports valued at $900m, leaving an overall deficit of just over $200m.

Mr Ayoub said that the aim was to exploit Mexico's competitive edge. This is based not only on its status as a significant hydrocarbons producer, but also as a relatively modern petro-chemicals industry with a pool of skilled manpower and proximity to the US market.

The move, which is very politically sensitive, was welcomed by senior executives of foreign companies involved in Mexico's petro-chemical sector. It opens up a new area for foreign investment, they said.

Article 27 of the Mexican Constitution reserves exclusive rights to the state over "products derived from the decomposition of rocks where exploitation requires subterranean work." But the old list of products which this covers has been acknowledged privately by government officials to be technologically untenable.

Added to the list of basic petro-chemicals reserved for Pemex, making a total of 20, is the relatively new product methyl tertiary butane ether (MTBE), which is used to enhance the combustible quality of petrol and thereby make possible reductions in the lead content.

Japan aims to boost imports with tax incentive scheme

By **Robert Thomson** in Tokyo

JAPAN'S Ministry of International Trade and Industry (Miti), conscious of continuing international tension over the country's massive trade surplus, has foreshadowed the introduction of a tax relief package and low-interest loans to encourage retailers and wholesalers to buy more foreign products.

Miti will announce full details of the incentives late in the year and the measures will take effect from April 1 next year.

But an official at the ministry confirmed some details, saying that companies would be allowed to deduct a small percentage, perhaps 2 or 3 per cent, of the cost of some foreign goods from their overall corporate tax bill.

The tax concessions are estimated to be worth about Y40bn (£18.4m).

They are particularly designed to encourage manufactured imports and to help smaller retailers.

The measures will be supplemented by a broadening of a low-interest loan programme for small retailers and wholesalers, overseen by the Small Business Finance Corporation.

It is expected that the range of companies eligible for loans to purchase imported goods will be widened, and that the interest rate will fall from 5.1 per cent to 4.2 per cent.

Miti, on the one hand, does not like to be seen to be controlling Japanese companies for fear of fuelling Japan Inc conspiracy theories, but the ministry does like to be seen to be doing its bit to smooth out the trade figures, which, this year, have taken a turn for the better.

Japan's merchandise trade surplus fell 16.5 per cent to $5.9bn in July, on a year-on-year basis, for the third successive month of decline.

According to Ministry of Finance figures, exports increased only 1.1 per cent in the month, while imports rose 9.1 per cent, and imports from the US jumped 21.9 per cent.

The Miti official indicated that the new incentives would continue to be debated in coming months in order to produce the most effective package for "the promotion of imports".

It is also likely that the Japan Development Bank will be called on to increase its import promotion loans to small retailers.

Significantly, the emphasis on concessions to small retailers comes at a time when the ruling Liberal Democratic Party is attempting to regain support in the country following the negative reaction to the introduction of a 3 per cent consumption tax earlier this year.

Japanese plan aluminium car wheel factory in Ohio

By **Robert Thomson**

UBE Industries, the Japanese chemicals, cement and machinery maker, has released plans for an Y8bn (£36m) factory in Mason, Ohio, to produce aluminium wheels for the American luxury car industry.

The Japanese company, which is presently supplying General Motors with lightweight wheels manufactured in Japan, expects that the factory will be completed in July 1991. It will have an annual production capacity of some one million units. General Motors uses the wheels on two of its Cadillac models.

The demand for luxury cars in Japan is on the increase, and UBE has already announced that its subsidiary, U-Mold, will double its domestic production to 1.08m units by late next year. This is in expectation of increasing purchases by prestige-conscious consumers.

Last year, the share of larger, more expensive cars in the domestic market rose sharply from 2.5 per cent to 4.5 per cent.

This share increase was dubbed the "Cima phenomenon" because of the striking success of an upmarket Nissan model of the same name.

India confronts its trade dependence on the US

K K Sharma on what Super 301 action could do

THE naming of India by the US under clause Super 301 of the Trade Act hangs like a Sword of Damocles over the country. Any retaliatory action by Washington would seriously damage India, whose vulnerability has been revealed in a recent official study on trade and commercial contacts between the two countries.

The confidential study, designed to show a parliamentary commerce committee that the US has considerable access to the Indian market and that US companies freely invest in India, in fact shows the importance to India of the US as a trading partner, especially at a time when the country faces a serious shortage of hard currency.

India, with Japan and Brazil, was named last May as a priority country for action under Super 301, a clause of the US Trade Act which provides for retaliatory action against countries thought to be persistent violators of fair trade practices.

The priority trade barriers identified in respect of India are, first, trade-related investment barriers that prohibit or burden foreign investment and, second, barriers to trade in services, in particular the closure of the insurance sector to foreign insurance companies.

India's representatives have made noisy public statements to the effect that the Government would not hold talks under duress or threat of retaliation. However, the confidential study reveals the importance of the US to the Indian economy.

Despite the substantial increase in Indo-Soviet trade and economic contacts in recent years, the US remains India's leading trading partner. In 1988, the US accounted for almost 19 per cent of India's exports and more than 11 per cent of its imports, most of which were vital items.

On the other hand, Indo-US trade hardly matters to the US. In 1988, India accounted for a mere 0.6 per cent of total imports and about 1 per cent of total exports. Any cuts in Indo-US trade would thus seriously hurt India and have a negligible impact on the US.

In fact, because of its substantial exports to the US, India has been running a surplus in bilateral trade since 1983 which rose from Rs3.78bn (£157m) that year to a healthy Rs10.9bn in 1987, although it dropped to Rs6.7bn in 1988.

This bilateral surplus contrasts sharply with India's substantial overall trade deficit of Rs66.58bn in 1988-89.

The pattern of Indo-US trade is also important for India. Traditional primary items such as coffee, tea and jute have given way to high foreign exchange earners such as diamonds, ready-made garments, cashew nuts, textiles, leather products, carpets and rugs.

The US remains India's leading trading partner, accounting for almost 19 per cent of its exports and more than 11 per cent of imports. India accounts for a mere 0.6 per cent of US imports and about 1 per cent of exports. Any cuts in trade would thus seriously hurt India and have a negligible impact on the US

The main items are diamonds and garments and any US action against these exports would not only affect foreign exchange earnings but also damage the fast-growing and now firmly established Indian jewellery and garments industries.

Imports from the US are vital for India's industrial growth and agriculture since the principal items, according to the report, are specialised industrial machinery, electrical equipment, office machines, metal-ferrous ores, metal scraps and fertilisers.

Although India has plans for indigenous manufacture of many such items, the country's liberalised import policy has, in fact, led to higher imports of various items in these categories since they are needed for modernisation. Any retaliatory sanctions countries would harm India's modernisation programme even more.

Recent contacts between the two countries have also led to the softening of the US stand on defence supplies that India needs urgently for such priority projects as its light combat aircraft and fly-by-wire technology. Any US restrictions would seriously hold up this already long-delayed project.

The US is also the largest foreign investor in India. US companies accounted for a fifth of the joint ventures approved by the government since independence in 1947 and of these 75 per cent are manufacturing concerns. US private investment is estimated at a relatively nominal $600m but, considering India's restrictive investment policies, this is still substantial compared with that of other countries.

More to the point, US companies have accounted for more than 20 per cent of agreements with Indian partners for transfer of technology in the past several years. Since at present India encourages technology transfer arrangements in preference to direct investment, the US is an important contributor to India's modernisation programme.

Arrangements for transfer of US technology have been in a wide range of industrial activities including alternative sources of energy, chemicals, electronics, mechanical engineering and textiles. Last year, exports of what are known as "controlled items" by the US were worth $1bn after an understanding was reached between the two countries in 1985 on transfer of technology.

The Indian report also reveals that an export plan drawn up by the Ministry of Commerce for 1987-90 envisages a doubling of India's exports to the US in dollar terms by the end of 1990.

This is vital not only for balance of payments purposes but also for industrialisation since many new production bases are planned for exports earmarked for the US especially in the four most important areas of engineering, electronics (including software), jewellery and textiles.

Power industry told scale down coal threat

By Max Wilkinson, Resources Editor

THE Government has ordered the electricity industry to scale down its threats to burn large quantities of cheap imported coal, after it is privatised, as a substitute for British coal.

Yesterday, National Power and PowerGen, the two companies designated to take over the power stations in England and Wales both said yesterday that they expected British Coal to remain a leading supplier and appeared more lukewarm about imports than in the earlier stages of the privatisation debate.

This follows intense lobbying by British Coal and assurances by Mr John Wakeham, the Energy Secretary, that after privatisation, the generating companies will be able to pass their coal costs on to consumers.

At the launch yesterday of the corporate identities of the the two generating companies, Mr John Baker, chief executive of National Power, said he expected imports might run at some 10m tonnes a year. This compares with a figure of 30m tonnes, a year imports which was widely discussed in the industry during the early stages of the privatisation debate. The industry's contract with British coal is now for the supply of 72m tonnes a year.

After privatisation, both companies had indicated to British coal that they thought its market might shrink to 60m tonnes a year, and plans have been laid mto build a new coal import terminal at Killingholme on the Humber.

The Government, however, which wants to privatise British Coal after the next election, has told the companies privately that it would like them to limit imports to perhaps 3m to 5m tonnes of coal for the next few years.

Yesterday Mr Baker said National Power wanted to ensure it had a secure domestic supplier and he said large scale imports would expose customers to the risk of changes in the rate of sterling against the dollar.

The recent strength of the dollar and the rise of internationally traded coal prices may alo have caused the industry to think twice about paying the infrastructure costs needed to bring in more imports. South African coal at the Thame now costs $45 per tonne, compared with prices on the Rotterdam spot market of around $32 per tonne a year ago. British Coal's highest priced coal is £42 per tonne

Mr Ed Wallis, chief executive of PowerGen said yesterday that he might wish to import some environmentally more benign low sulphur coal. However, industry observers are pointing out that new anti-pollution laws in the US are likely to increase the international demand for such coal.

Wakeham: call to industry

Secretive agency leads fight against fraud

The SFO is starting to clean up the City, write David Lascelles and David Barchard

THE Serious Fraud Office, the special UK agency set up two years ago to investigate and prosecute cases of complex fraud where sums of more than £1m ($1.57m) are involved, has until now been a little known body.

The SFO, however, now seems certain to grow in public prominence. This summer it has 40 active investigations under way, as well as a further 30 cases were investigations are completed, and nine which have been brought to trial.

Though the SFO never admits whether or not it is investigating particular cases, its investigations have spanned the famous financial scandals of the last few years. It looked at Barlow Clowes, the allegations surrounding the Al Fayed purchase of Harrods, the Guinness affair, and most recently Blue Arrow.

Mr John Wood, a solicitor who was deputy director of public prosecutions until he was appointed the first head of the SFO, two years ago, says that there are many less glamorous cases involving very large amounts of which the press and the public never hear.

The agency is sited in a back street in the financial heart of London. Its grey offices are decorated in the best featureless government tradition. The agency represents hopes of those who want to see Britain's growing band of fraudsters nervously loosening their sweaty collars.

"We are the surgeons who try to cut the cancer out," says Mr Wood. "Institutions are often reluctant to report fraud. They feel it may indicate a weakness in their systems or reduce investor confidence. I understand that attitude but it worries me."

The establishment of the SFO was a recognition of the fact that fraud is an extremely difficult crime to nail. Unlike acts committed with blunt instruments, fraud is intricate and often invisible; those who indulge in it are seldom obvious criminals, and the courts which hear fraud cases have trouble understanding them.

Lawyers and accountants working at the SFO are beset by the fear that the evidence they will eventually have to produce in court may be so hard to understand that juries will grow bored. The SFO's working strategy has to include not only complex investigative functions, but also spruced up presentations of evidence, including possible embellishments such as the use of videos and graphics.

"Institutions are reluctant to report fraud... We are the surgeons who try to cut out the cancer"

One constant snag is the problem of defining fraud. There is not even, in statute law, an outright definition of fraud: people are charged not with fraud but with crimes such as embezzlement or theft.

"Fraud is theft by lying" is the definition offered by Detective Superintendent Donald Randall of the City Fraud Squad, who works closely with the SFO.

The SFO grew out of the recommendations of the Fraud Trials Committee headed by Lord Roskill, which pointed up the weaknesses in the way fraud was traditionally investigated and prosecuted in the UK, with police and the Director of Public Prosecutions working separately.

Cases often took so long to get to court that witnesses' memories had faded. Coming as it did at a time of mounting scandals, such as Johnson Matthey Bank and Guinness, the committee's recommendation for a specialised agency won strong political support, and it was included in the 1987 Criminal Justice Act.

To make its work effective, parliament gave the office strong investigative powers and a composite structure. When the SFO's complement is at full strength, Mr Wood can call on 26 lawyers, and 19 accountants, some of the latter on secondment from big accountancy firms in the City of London. The total SFO yearly budget is £12m.

He also works closely with the City Police which has 15 officers working on fraud. Proposals to incorporate the police directly into the SFO were resisted by parliament. Instead the office works closely alongside the police, receiving details of cases from them and drawing upon police manpower.

"Co-location" is the slightly clumsy official term used to describe this unusual relationship.

The point about the office, though, is that it brings together under one roof the three people most directly involved with fraud investigation: the policeman, the accountant and the lawyer. The first investigates, the second applies his technical financial knowledge, and the third prepares the cases.

The UK Parliament hesitated to make the SFO a police body because of its extraordinary investigative powers, some of which go well beyond those enjoyed by the police, such as the right to force witnesses and suspects to respond to questions or produce documents on pain of prosecution.

People have denounced these powers as draconian, but they were thought necessary if the office was to break through the ring of dissimulation, deceit or well-intentioned confidentiality (such as bank secrecy) which cloaks much evidence of fraud. The special powers have certainly proved useful: in its first year, the office used them 233 times.

Mr Wood points out that it is essential to maintain secrecy when companies are under investigation. "The allegations may be false. It could be extremely detrimental to a company and its share price for it to be known we were investigating it."

If an investigation does go ahead, a case team headed by a case controller is named and appropriate specialists allocated. The task of sifting through mounds of accounts – or trying to find if there are any accounts – begins.

According to Mr John Knox, SFO Chief Accountant, the accountancy element usually takes between 3 and 12 months and is not usually the main delaying factor in SFO investigations.

"Very little of my work actually involves looking at the book," says Mr Michael Carey, a senior accountant from Ernst & Whinney now at the SFO. Fraudsters are unlikely to keep impeccable records. "A lot of judgement is needed in deciding what to accept and which correspondence to look at and develop a line of argument about what has happened to particular sums of money."

Exchange delays move to paperless share deals

By Richard Waters

THE STOCK Exchange has delayed the first phase of its move to paperless share dealing, a project aimed at improving London's international competitiveness and which has been under preparation for several years.

The delay came to light yesterday as the Exchange appointed an outside project director for Taurus, the dealing system – the first time it has used an outsider in such a role.

The delay will come as a further embarrassment to the Exchange, which has grappled for several years with the Taurus project. Paperless trading is seen by firms and investors as an important element in enabling the London market to compete internationally.

The first phase of Taurus, which is planned eventually to replace the costly and slow paper-based settlement system in London, was due to be implemented on October 27, the third anniversary of financial deregulation.

It has now been put off for three months, to January 26 next year, even though the original deadline was set as recently as this spring.

"There are some problems with the implementation of the central system," the Stock Exchange said yesterday. However, it added that the planned water privatisation in November was a more important factor in the delay.

The first phase of Taurus will link institutional shareholders to the Exchange's existing Institutional Net Settlements system. This nets off transactions between large investors and members of the Exchange, enabling them to settle several transactions with just one net payment.

Mr John Watson, a consultant from accountants Deloitte Haskins & Sells, was yesterday appointed Taurus project director.

The latest specification for Taurus was adopted by the Exchange earlier this year and was due for final completion by next summer. However, the Exchange will now only say that Taurus will be implemented by the end of 1990.

Liverpool refuses to accept toxic waste

By Ian Hamilton Fazey, Northern Correspondent

THE SOVIET ship Nedezhada Obukhaba was due to leave Liverpool early today still carrying a container of toxic waste PCBs, which it is returning to Montreal.

Work to unload the non-toxic cargo began soon after the ship docked at about 2:30 pm yesterday, four hours late because of strong headwinds in the Irish Sea.

The ship was accompanied up the Crosby Channel to the Royal Seaforth Dock by two helicopters chartered by the media.

At the dock gates there was a small demonstration of people from Pontypool, South Wales, where Rechem, the waste disposal company trying to import the PCBs (polychlorinated biphenyls) for incineration, is based.

The protestors were supported by local residents and handed a letter to a port official asking for the consignment of PCBs to be refused.

Mersey Docks and Harbour Company had already decided not to accept the PCBs and it confirmed last night that they had been left on the ship.

Mr Chris Patten, the Environment Secretary, said yesterday, "There is no reason whatsoever why on environmental grounds these cargoes should not be handled – after all, the port has been handling these cargoes safely for some time."

Mr Patten dismissed allegations by environmental groups that Britain was open for any imports of dangerous wastes.

"If waste has come into this country in a way which breaks our regulations it must go back where it came from," he said.

"If people write that Britain is open for everything then perhaps the public will get that impression, but the fact is that we haven't been and we are not going to be the dustbin for the world."

Mr Tim Birch, of the environmental group Greenpeace, said: "By allowing the importation of toxic waste into this country, the UK Government is encouraging the global toxic waste crisis."

● Mr Patten yesterday hinted that the Government might adopt the principle – advocated in a report published on Tuesday – of taxing polluting products to discourage their use.

The report suggested that environmental statistics be combined with gross domestic product figures to show the cost of economic growth.

The report also backed taxes on sources of pollution, including a "carbon tax" to minimise the use of products which contribute to global warming.

FS Assurance to become subsidiary of Britannia

By James Buxton, Scottish Correspondent

POLICY HOLDERS in FS Assurance yesterday voted overwhelmingly in favour of the Glasgow-based mutual becoming a subsidiary of the Britannia Building Society. But an opponent of the demutualisation deal, the first of its kind in living memory, still intends to challenge it in court.

Under the agreement ratified by policy holders, Britannia will pay £14m to FS policy holders. The long-term business of FS will be transferred to Britannia Life, a wholly-owned subsidiary of Britannia Building Society.

Holders of with-profits policies will receive some £1.75m immediately, while the rest will be retained in the policy-holders' fund and dispensed as policies mature.

The demutualisation of FS is being watched closely by other small life assurance companies contemplating taking the same course.

At an extraordinary general meeting in Glasgow the proposal was carried on a show of hands, with only 11 of the 114 people present voting against.

FS, one of Britain's smallest life assurance companies, has 34,000 policy holders.

But Mr Colin McLean, managing director of Templeton Investment Management, an actuary who has criticised the deal, said he will challenge it when it comes up for approval at the Scottish high court.

UK NEWS

Boom in output slows as high rates take hold

By Ralph Atkins, Economics Staff

RAPID GROWTH in UK manufacturing is running out of steam as high interest rates slow economic activity, official figures indicated yesterday.

Government statisticians cut their estimate of the underlying growth rate in manufacturing output to 4½ per cent a year in June, the Central Statistical Office (CSO) said. That compared with 5 per cent in the previous month and a peak of 7 per cent in January.

The figures follow surveys by the Confederation of British Industry and the Association of British Chambers of Commerce pointing to lower output growth and increasing pessimism about business prospects.

The steady downward trend in manufacturing growth is in line with hopes of a "soft landing" for the UK economy. But the Treasury will be anxious to avoid too steep a fall which could weaken export growth and threaten recession.

Most London analysts remain confident that manufacturing output will remain relatively robust this year.

Figures for the three months to June show actual growth in manufacturing output compared with a year earlier was 5.3 per cent. However, compared with the previous three months, output was only 0.1 per cent up.

Sectors reporting falls in the second quarter compared with the previous three months included metals, chemicals and textiles.

Total industrial production, which also includes the energy sector, continues to be checked by disruptions in North Sea output. In the three months to June, output was 0.9 per cent lower than the same period a year before.

After allowing for the effects of North Sea oil and other exceptional factors, the CSO estimates total industrial production was growing by about 2 per cent a year in June, compared with 2½ per cent in May.

The index of manufacturing production stood at 118.4 (1985=100) in June compared with 119.2 in May. For total production the index fell to 108.0 from 107.9.

Components market faces slowdown before 1991

By Hugo Dixon

BRITAIN's electronic component market faces a sharp slowdown in growth this year and next, according to a forecast published yesterday by the Electronic Components Industry Federation, the industry's trade association.

The market, which grew 18 per cent last year, will grow by only 5 per cent this year and 3 per cent in 1990, the federation says. In 1991, however, it should start expanding more rapidly again as the effect of inward investment by Japanese and American companies wanting to take advantage of the unification of Europe's markets in 1992 becomes apparent.

The predicted decrease in demand for components is partly because of the general slowdown in the economy. But several factors specific to the electronics industry – in particular, the continued retrenchment of defence spending – will contribute to the weak demand.

Moreover, prices for microchips, the largest single element of the £3bn-a-year electronic component market, are expected to fall following a sharp rise last year. The federation predicts that demand for chips will grow only 4 per cent this year and will be flat in 1990, compared with a 47 per cent increase in 1988.

Opposition launches offensive on health plans

By Tom Lynch

THE LABOUR Party yesterday urged the British public to join a postcard protest against the Government's proposed reform of the National Health Service in the opposition party's biggest single issue campaign since the general election in 1987.

Mr Robin Cook, the party's spokesman on health, said the "summer offensive" was designed to involve all those – even Conservative voters – who were unhappy about the Government's plans. He said the NHS was not the property of any one party.

He said that in the six months since the policy paper was launched, Labour and other opponents had won the argument against the reforms. The public's verdict was clear – no opinion poll showed a majority against the changes of less than three-to-one.

Labour now planned "to mobilise that public opinion and give it a chance to express itself." It would focus on proposals for hospitals to opt out of local health authority control and for cash limits on area health authority and family doctor budgets.

The campaign starts in earnest today with advertisements in three national newspapers and will last three months, ending just before the Queen's speech in November, when the Government is expected to announce a bill to implement the policy paper.

Over the three months, the party will hold public hearings for patients to express their views, it will publish results of a survey on the issue and make statements about the claimed impact of the reforms on groups such as women, the disabled and ethnic minorities.

At the centre of the campaign are thousands of preprinted "post-a-protest" leaflets and postcards addressed to Mr Kenneth Clarke, the health minister, which will be collected at the party's London headquarters and delivered in bulk to the Health Department. There also be campaigns in Scotland and Wales.

Tunnel vision delays cross-border policing

The UK stand on frontier controls has held-up EC progress on cross border policing, writes Joel Kibazo

Channel of communication: The tunnel should mean closer co-operation between UK (left) and French police

AS THE countdown to the creation of the single European market in 1992 gathers pace, Britain's police chiefs are caught in a dilemma between two opposing visions over the lifting of traditional barriers in Europe.

Mrs Margaret Thatcher, the UK Prime Minister, told an audience in the old Belgian town of Bruges last September: "It is a matter of common sense that we cannot totally abolish frontier controls if we are to protect our citizens and stop the movement of drugs, of terrorist, of illegal immigrants."

Her nationalism, however, appears to contradict article 8(a) of the Treaty of Rome, which states: "The internal market shall comprise an area without internal frontiers in which the free movement of goods, persons, services and capital is ensured in accordance with the provision of this treaty."

The UK police force needs assurance that outstanding differences between the EC and British Government will be resolved before it makes important decisions on technology spending; co-operation with EC forces operating within different legal systems; and the deployment and training of staff.

The UK Government argues that its island status – which will be reduced by the opening of the Channel Tunnel – has given it security advantages. These have included the opportunity to choose the number and location of border controls around the country which allow it to operate effective checks on immigrants, terrorists, criminals, and diseases – particularly those carried by animals, such as rabies.

But the UK's EC partners do not appear to attach the same importance to the issue of border controls. The Schengen Group, which comprises Belgium, France, Luxembourg, the Netherlands, and West Germany, is already pushing ahead with plans for removing border controls and increased co-operation by 1990. Italy and Spain have also expressed their interest in joining the group.

UK police forces are anxious that the two positions should be reconciled sooner rather than later to help them prepare for the single market and the opening of The Channel Tunnel, the under-sea rail link with France due to come into operation in 1993.

The tunnel starts in Kent, in south east England, where the local police force also has responsibility for the 16m visitors who arrive in the county's major sea ports of Dover and Folkestone.

The Kent Police force is making little distinction between the 1992 deadline and the opening of the Channel Tunnel. In 1986, the Home Office approved plans for three Kent police officers to be seconded full time to Channel Tunnel government committees.

Mr Frank Jordan, Chief Constable of Kent Police said: "The idea was to get expertise and to anticipate policing problems that might arise."

Chief Constable Jordan warned that a relaxation of border controls could lead to increased supervision of movements within the UK and to the introduction of identification cards.

The building of the tunnel and the 1992 deadline has also led to closer co-operation between the separate police, immigration, and Customs and Excise operations in Kent and their opposite numbers in France.

That co-operation resulted in an agreement to create the so-called "juxtaposition control". When the rail link opens, travellers leaving the UK will pass through a UK exit point into the French entry zone, with both areas sited at the British end of the tunnel. A similar system will be operated for travellers leaving France.

The agreement is one of the few successes to arise from discussions between the UK and EC partners on the issue of border controls.

At New Scotland Yard, headquarters of London's Metropolitan Police, the UK's largest police force, plans are already underway for a more co-ordinated approach to 1992.

There is now a Deputy Assistant Commissioner at the Metropolitan Police in charge of co-ordinating all activity on 1992.

At the EC summit in Rhodes last year, a forum of 12 EC national policy co-ordinators was formed to resolve outstanding issues on the creation of the single market but there has been little little headway on the issue of border controls.

Mr John Dellow, Deputy Commissioner of the Metropolitan Police, said there were several obstacles remaining before agreement is reached

Engineering firm in £1m claim

By Nick Garnett

A BRITISH engineering company is suing for more than £1m the UK subsidiary of a US computer company for allegedly supplying defective software in what is believed to be one of the largest such claims made against a software house in Britain.

Sacol Powerline, a small company which manufactures hydraulic equipment, has had a High Court writ issued against MAI UK, the UK subsidiary of MAI Basic Four, California-based computer group.

The 20-page writ refers to software supplied by MAI UK during a three-year period from 1985 which was required to provide a comprehensive information system linked to Sacol Powerline's shopfloor.

The writ claims loss of earnings of £913,000, increased costs and loss of management time at £82,500, and cost of remedial work and expenses at £73,500, making a total of £1.07m.

Sacol Powerline, which employs 90 people and has a £6m yearly turnover, uses MAI hardware, however, and says it is fully satisfied with it.

MAI UK said yesterday the matter was in the hands of its legal advisers and, for that reason, could not comment.

Such disputes rarely go to court in the UK. Settlements have usually been agreed out of court and for much more modest sums than that claimed by Sacol Powerline.

Software suppliers usually put up robust fights against claims. Because specifications by users are often vague it is usually difficult for users to prove that software failed to meet required specifications.

Government on course for big debt repayment

By Ralph Atkins, Economics Staff

THE GOVERNMENT repaid £1.4bn of public sector borrowing last month, setting the course for another large debt repayment this financial year, Treasury figures yesterday showed.

The debt repayment in July was slightly larger than expected by London analysts and the biggest yet this financial year. However, the rate at which debt has been repaid in 1989-90 is markedly slower than the same time last year.

In June there was a modest public sector borrowing requirement (PSBR) that completely wiped out debt repaid earlier in the financial year. That meant the cumulative debt repayment in July was also £1.4bn.

In the 1988-89, some £3.2bn of debt had been repaid by July and £14.4bn by the end of the financial year. Higher-than-expected inflation and wages growth are likely to add to tax revenues later this year.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY- indices of industrial production, manufacturing output (1985=100); engineering orders (£ billion); retail sales volume (1985=100); retail sales value (1985=100); registered unemployment (excluding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unem-ployed	Vacs.
1988							
1st qtr.	107.8	110.8	31.4	117.6	116.7	2,486	240.5
2nd qtr	108.3	112.4	32.1	118.6	122.7	2,384	255.2
3rd qtr.	110.5	115.2	32.7	120.2	126.9	2,228	244.3
4th qtr.	110.4	117.0	32.7	120.9	135.4	2,101	244.9
September	110.9	116.5	32.8	118.5	124.9	2,192	240.3
October	110.3	116.5	32.3	121.0	132.5	2,155	251.2
November	110.8	117.1	32.7	120.7	145.2	2,106	245.2
December	110.1	117.5	32.7	121.1	161.8	2,037	238.3
1989							
1st qtr.	108.2	118.2	35.9	121.4	125.4	1,982	226.7
2nd qtr.	108.4	118.3		122.3	132.7	1,834	222.2
January	108.5	118.8	34.6	118.5	124.3	1,968	228.2
February	108.8	118.0	34.9	122.1	123.8	1,949	228.1
March	108.2	117.9	35.9	122.6	127.4	1,917	222.9
April	108.2	117.3	37.8	120.9	131.8	1,865	222.1
May	107.9	119.2	36.8	124.5	132.4	1,836	218.2
June	108.0	118.4		121.6	133.6	1,800	226.4
July				120.9			

OUTPUT- By market sector; consumer goods, investment goods, intermediate goods (materials and fuels); engineering output, metal manufacture, textiles, leather and clothing (1985=100); housing starts (000s, monthly average).

	Cnsmer. goods	Invest. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1988							
1st qtr.	109.6	105.3	107.7	107.8	117.2	103.7	19.6
2nd qtr	111.5	108.8	106.6	110.1	120.3	100.9	22.3
3rd qtr	113.5	113.9	108.6	114.8	123.7	102.1	20.4
4th qtr	113.6	116.9	106.5	116.8	124.3	101.6	18.4
Sept.	114.2	115.5	108.0	116.0	120.0	101.0	20.1
October	112.6	116.6	107.0	117.9	128.0	101.0	19.6
November	114.3	117.2	107.2	117.6	120.0	102.0	21.4
December	113.6	116.9	105.1	116.0	125.0	103.0	14.2
1989							
1st qtr.	114.1	118.4	104.0	117.8	130.3	99.5	17.5
2nd qtr.	114.8	118.4	102.2	117.8	125.1	98.3	
January	113.7	119.6	104.2	118.0	136.0	98.8	18.5
February	113.6	117.9	104.5	117.5	128.0	100.0	19.4
March	114.9	117.7	103.8	117.0	125.0	99.0	15.8
April	114.7	115.6	104.3	115.0	131.0	99.0	18.3
May	115.1	119.0	100.9	119.8	124.8	99.6	18.7
June	114.5	121.1	100.7	118.6	121.9	97.0	17.8

EXTERNAL TRADE- indices of export and import volume (1985=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1985=100); official reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Reserve US$bn
1988							
1st qtr.	108.2	119.8	-4,020	-3,091	+730	97.0	44.64
2nd qtr	111.4	127.7	-4,535	-2,744	+515	96.7	46.52
3rd qtr	108.3	133.7	-5,606	-3,428	+460	98.3	50.48
4th qtr.	106.6	135.0	-6,304	-5,485	+349	98.6	51.68
September	114.1	131.9	-1,473	-720	+164	98.6	51.69
October	103.7	139.6	-2,658	-2,302	+67	99.1	50.48
November	107.1	131.5	-1,865	-1,612	+132	97.5	50.05
December	109.1	133.5	-1,763	-1,489	+141	96.7	51.04
1989							
1st qtr.	110.8	140.7	-5,859	-4,332	+84	100.4	50.46
2nd qtr.	111.6	144.4	-5,786	-4,586	+166	100.7	49.67
January	104.1	138.4	-2,097	-1,850	+105	100.4	51.71
February	110.8	136.2	-2,180	-1,627	-15	100.1	51.63
March	113.2	138.3	-1,677	-1,335	+112	100.5	50.46
April	108.4	142.5	-2,151	-1,735	+63	100.5	49.76
May	110.8	141.8	-1,734	-1,224	-18	100.7	49.09
June	115.5	147.9	-1,897	-1,487	+98	100.4	45.67
July							43.63

FINANCIAL- Money supply M0, M1 and M3 (annual percentage change); bank sterling lending to private sector; building societies' net inflow; consumer credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank lending £m	BS inflow £m	Cnsmer. credit £m	Base rate %
1988							
2nd qtr.	6.6	18.8	20.4	+18,343	4,173	+1,186	9.50
3rd qtr.	7.7	17.2	22.7	+18,746	3,160	+1,123	11.00
4th qtr.	7.7	14.2	20.2	+13,370	3,188	+1,047	13.00
August	7.7	15.2	21.1	+6,620	1,176	+471	12.00
September	8.6	17.3	22.7	+5,660	841	+379	12.00
October	7.7	13.7	19.6	+3,829	1,066	+300	12.00
November	7.7	11.7	19.6	+4,780	1,362	+188	13.00
December	7.1	14.2	20.2	+5,192	819	+296	13.00
1989							
1st qtr.	6.7	15.8	21.3	+14,059	2,051	+919	13.00
2nd qtr.	6.8	15.7	22.1	+15,753	1,758		14.00
January	6.8	16.8	21.3	+4,622	794	+331	13.00
February	6.2	15.6	21.5	+4,561	1,368	+238	13.00
March	6.8	15.6	21.3	+5,146	891	+350	13.00
April	6.8	16.7	21.3	+5,516	1,172	+364	13.00
May	6.2	16.0	21.8	+4,676	1,067	+210	14.00
June	6.2	15.7	21.8	+3,947	713	+160	14.00
July	5.8	13.7	22.1	+4,300	-183	+182	14.00

INFLATION-Indices of earnings (1985=100); basic materials and fuels; wholesale prices of manufactured products (1985=100); retail prices and food prices (Jan 1987=100); Reuters commodity index (Sept 1931=100); trade weighted value of sterling (1975=100)

	Earn-ings	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	Reuters' cmdty.	Sterling
1988							
1st qtr.	122.8	98.6	111.0	103.7	103.6	1,747	75.8
2nd qtr.	124.6	97.4	112.3	105.5	105.0	1,788	77.8
3rd qtr.	127.6	96.6	113.8	107.4	106.1	1,677	75.8
4th qtr.	131.2	98.1	115.0	109.4	107.6	1,601	76.6
September	127.6	96.2	114.2	108.4	106.7	1,632	77.3
October	129.7	98.2	114.6	109.5	107.8	1,647	75.3
November	133.2	97.0	115.0	110.0	108.0	1,574	76.6
December	134.2	102.6	115.4	110.3	108.5	1,561	77.3
1989							
1st qtr.	134.0	103.0	116.6	111.7	107.8	1,574	97.1
2nd qtr.		104.6	118.0	114.8	110.7	1,659	93.1
January	133.8	104.8	116.4	111.0	107.4	1,618	98.2
February	133.6	103.6	116.6	111.8	107.4	1,584	96.4
March	134.5	103.5	117.2	112.3	108.0	1,519	97.4
April	136.0	105.9	117.7	114.3	109.8	1,584	94.4
May	138.6	104.7	118.3	115.0	110.8	1,656	91.6
June		104.6	118.6	115.4	111.0	1,714	90.4
July		103.3	118.8	115.5	110.7	1,640	91.1

*Not seasonally adjusted
†Net changes in amounts outstanding, excluding bank loans.

TECHNOLOGY

David Fishlock reports on a UK company's miniaturisation of a fault-finding machine

Shrinking the leviathan to fit new markets

Elderly airliners and ageing hearts could provide a fruitful market for a portable superconducting cyclotron developed by the Oxford Instruments Group.

"Portable and affordable" is how Peter Williams, chief executive, describes this miniaturised version of the atom-smashing machine that won a Nobel prize for its inventor, Professor Ernest Lawrence of the US, in 1939. The cyclotron has since become one of the leviathan instruments of physics.

Oxford Instruments has developed the world's first miniature superconducting cyclotron for the Japanese engineering group NKK, which expects to receive it this autumn for installation in its hospital for employees. The machine will make short-lived radio-isotopes to illuminate disease with minimum damage to the patient.

Williams points out that now the cyclotron has been shrunk to this size – little more than a metre across – it is small enough to be swung alongside a large structure, such as an aircraft or bridge, to search for cracks or corrosion damage.

The recent spate of breakdowns in ageing airliners could help open the way for this powerful new tool for non-destructive testing. Previously a nuclear reactor was required to generate the beam by which cracks could be illuminated.

The miniature cyclotron looks rather like the superconducting magnets which Oxford Instruments makes for medical scanning by nuclear magnetic resonance.

Packed into a ring only 1.1 m in diameter is a proton accelerator of 17 MeV (million electron volt) energy, wound from niobium-titanium superconductors cooled in liquid helium. The entire atom-smasher with its cryostat weighs a mere four tonnes.

Oxford Instruments' interest in producing such a machine began with a bid in 1983 to build a new cyclotron for Amersham International, which uses cyclotrons as process equipment making short-lived radio-isotopes by transmutation – bombarding one kind of atom with another. In the event, Amersham elected to stay with a conventional design because it needed a machine quickly and had no time for development.

But discussions between Martin Wilson, Oxford Instruments' expert on cyclotron design, and his counterpart, Martin Finlan, at Amersham led the pair to the idea that two new opportunities were opening for a compact cyclotron. They were for positron emission tomography (PET) in medicine and engineering, and for neutron radiography in engineering.

In 1987 the pair presented a paper at a conference in Tokyo showing how Oxford Instruments' medical imaging magnet technology might be used to make a smaller, cheaper superconducting cyclotron.

NKK responded with the idea of making a compact neutron-beam system of flaw detection in engineering structures. Instead, what emerged was a $1m contract to make a prototype superconducting cyclotron for PET in NKK's hospital. The idea now is that it will act as a precursor for further technological developments, which the company hopes will help it to diversify into the new markets identified by Wilson and Finlan.

PET is a process for producing an image using very short-lived radio-isotopes to delineate features of interest. In medicine, it has proved a powerful way of eliciting metabolic information about the brain and central nervous system, and about tumours.

PET detects gamma rays given off by the disintegrating radio-isotope in the organ under inspection, then constructs a computer image by tomography from these emissions.

The technique has also been used in engineering, notably by Rolls-Royce, to trace organic materials such as lubricants in aero-engines while they are running, to show up the places that are poorly lubricated.

The power of PET depends on having a radio-isotope which is intensely active but very short-lived; the shorter the better. Useful radio-isotopes have a half-life of only minutes or even seconds. This is essential to get high resolution of the images without overdosing patients with radiation, or creating radioactivity problems for the engineer.

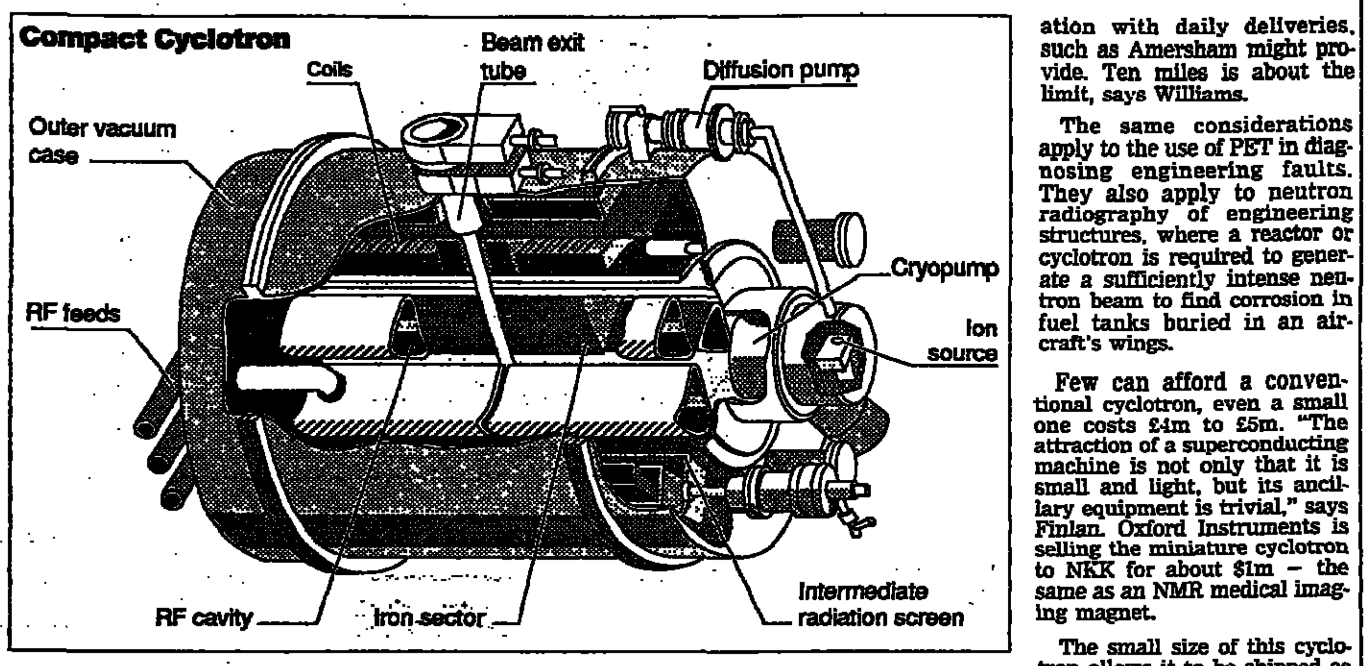
It means that the cyclotron must be part of PET imaging, not a remote commercial operation with daily deliveries, such as Amersham might provide. Ten miles is about the limit, says Williams.

The same considerations apply to the use of PET in diagnosing engineering faults. They also apply to neutron radiography of engineering structures, where a reactor or cyclotron is required to generate a sufficiently intense neutron beam to find corrosion in fuel tanks buried in an aircraft's wings.

Few can afford a conventional cyclotron, even a small one costs £4m to £5m. "The attraction of a superconducting machine is not only that it is small and light, but its ancillary equipment is trivial," says Finlan. Oxford Instruments is selling the miniature cyclotron to NKK for about $1m – the same as an NMR medical imaging magnet.

The small size of this cyclotron allows it to be shipped as a complete assembly, on wheels, "small enough to go through a hospital door," says Williams. The company is wheeling the machine into the nuclear physics laboratory of Oxford University for final tests at full power.

Williams believes that a new medical market is opening up. Cardiologists are beginning to talk of using PET not only to learn more about the biochemistry of a damaged organ, but also to monitor a patient's heart and check how it is responding to treatment.



Skating without the bruises

Paul Abrahams looks at a novel method of travel in the modern city

The London Underground is suffering delays, commuters' cars are bumper to bumper, the buses are full, it is too far to walk and your bicycle was stolen last time you forgot to lock it.

One answer to such difficulties ought to be roller-skates, but they are inherently unstable on the uneven pavements of a modern city.

The grey-suited roller-skating businessman, speeding through the streets of New York with a whistle in his mouth to warn unsuspecting pedestrians, may move pretty fast. But he looks decidedly uncool when he trips over a flagstone.

However, roller-skates with the commuter in mind have been designed by Joseph Wheelwright, a Massachusetts sculptor, who took to skating when it was fashionable in the early 1980s.

"The main problem with traditional roller-skates is the pain. They're too short – there's nothing to stop the feet getting in front of the body and falling over backwards," says Wheelwright. "And once you've fallen on to a pavement a few times you don't want to do it again."

In co-operation with the technology consultants, Arthur D. Little, Wheelwright dealt with the stability problem by lengthening the base and adding six-inch wheels which ride easily over gaps in the pavement.

Brakes were added at the back of the skate rather than the front. This means the skater does not fall forwards when he tries to stop and can even slow down on hills. For convenience, bindings fastened by Velcro were added which hold down any shoe with a flat sole.

For the older commuter, Wheelwright is designing another product called "on golden skates." These have outrigger wheels rather like those for a child's bicycle. Although they are highly stable, he admits there is a risk of what he describes as the Charlton Heston effect. Thus skaters may lock the skates' outriggers together rather like the chariot wheels in the film Ben Hur.

The commuting skates are selling well, says Wheelwright, and the first production run has sold out. Most of the initial customers were in the south-east US and southern California.

John Budz, professor of psychology at Framingham State College, Massachusetts, has been using a pair on campus for eight months and says they are sensational once the user has adjusted to them. Initially the action can be tricky.

The only other drawback he has discovered is that they are of limited use in snowy New England winters.

Beer at 2,000 cans a minute

The Bass brewery at Burton-on-Trent has a new way of making visitors feel dizzy – the sight of 33 cans of beer per second shooting along its £25m high-speed can line, which is being commissioned this summer.

The line is the first in Europe capable of filling and packaging beer cans this fast, says Bass chief engineer, Tony King. This rate has, however, been achieved by several brewers in the US and Australia and by some soft drinks companies in Europe.

Design work on the line started in spring 1987 when Bass executives decided, on the basis of visits to can lines overseas and discussions with equipment manufacturers, that filling and packaging technology was sufficiently advanced to specify 2,000 cans per minute. The line is designed for either 440 millilitre or 500 ml cans, with a common diameter of "211" (2 11/16 inches in the industry's quaint terminology).

Metal Box Engineering of Worcester (now part of the CMB group) won the main development and installation contract. The line capacity and efficiencies were worked out using Metal Box computer simulations, and Bass and Metal Box jointly selected machines for the line from a wide range of suppliers. Much of the equipment comes from the US and West Germany.

"The line is laid out in a way that allows the people who run it to be the personal managers of their areas," King says. "We've tried to get away from the concept of machine minders."

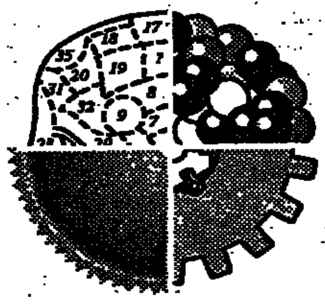
The centrepiece of the project is the can filling machine. Its manufacturer, Holstein & Kappert of Dortmund, has made a special effort to ensure that the Bass filler squirts exactly the right amount of beer into each can and that none is lost. Beer is more valuable at this stage in Britain than in most other countries, because UK brewers have to pay excise duty on it before canning.

The filler purges the can with carbon dioxide (the gas that gives beer its fizz) in two stages to drive out any oxygen picked up from the air during filling. This guarantees a long shelf life.

Clive Cookson

WORTH WATCHING

Edited by Della Bradshaw



Let the power shine in

PEOPLE in glass-clad buildings may soon appreciate the power-generating properties of the walls as well as enjoying the views.

The latest developments in solar panels are taking the technology out of the realms of the ecology enthusiast and into mainstream architecture and building.

PV Wall, developed by Chronar of the US, is intended to complement the glass curtain walling now prevalent in city buildings. Translucent panels incorporating photovoltaic cells have been designed to replace initially the curtain walling between window areas – next to floors and ceilings. Eventually, the solar panels could replace the upper sections of the windows. The panels are available in 5 ft by 2½ ft sheets.

Peak power from the panels is five watts per sq ft. Chronar believes that the initial use for the solar panels will be to provide lighting.

Few words but many actions

AN AMERICAN robot is proving that a little goes a long way in the language field.

Sam (speech activated manipulator) is a robot arm of few words – 127 common English words in fact. But by understanding them Sam can respond to 300 billion billion questions and instructions.

Sam was initially developed by AT&T's Bell Laboratories as a research tool to bring together two technologies: speech recognition and robotics. Instructions can be given to Sam over the telephone line, and the robot – equipped with two cameras and touch-sensitive grippers – carries them out, for example by moving an object.

Researchers believe the technology could be developed for use where humans fear to tread – in an area where there has been toxic spillage, for example, or even in a second Chernobyl.

'Dating agency' for exporters

MOST European technology companies are aware that one of their largest single markets is the US. But setting up distributors or agents there can be time-consuming and the results erratic.

To help companies go west, Technology Marketforce, of Malibu in California, has set up a database with the names of more than 1,200 companies which act as representatives or distributors for European concerns in the US.

The service matches the European product with the US sales force using similar techniques to a computer dating agency. The company specialises in finding outlets for communications equipment.

A reciprocal service, tailored for companies bringing US products into Europe, is offered by Technology Marketforce's associate Kontact Europe, of London. It reports that while most of its clients are US companies moving into Europe, there is a growing number of UK companies looking for partnerships on the Continent in the run up to 1992.

A way round brain surgery

GETTING information about damage to the human brain is a delicate task, so any method which can replace exploratory brain surgery is good news for both doctor and patient.

One way of doing this is to use a magnetometer, which measures the magnetic fields in the brain. Among the companies competing to produce the most sensitive magnetometers is the US computer giant IBM, working with the Helsinki University of Technology.

IBM says its newest instrument is about four times as effective as its previous models. The machine uses 24 detection pick-up coils, each of which is placed on the skull and attached by wires to the machine. The data collected are processed by computer to give a contour map of the brain.

The machine could be used to track brain activity in people in comas, or to enable a prompt diagnosis to be made when unconscious patients are wheeled into hospital casualty departments. It will have to undergo medical trials before it can be marketed.

The chances of debt recovery

THROWING good money after bad is a nightmare of credit managers, be they in high street banks, retailing or rental organisations. Should the company pursue the debtor to court, or will that prove an expensive fiasco?

It may be possible to answer this question with a bureau service which advises on the chances of debt recovery. The service is based on a data scorecard, similar to that used to decide whether consumers are creditworthy.

The scorecard has a list of questions: Do you know the debtor's address? Does the debtor already have a county court judgment against him or her? What is the amount? That information, together with data on the type of loan, enables the computer to calculate the chances of retrieving the money.

The service has been devised jointly by Legal & Trade, the consumer debt recovery agency, Scorex, which developed the scoring system, and the computer company Wescot Data.

A budding butter substitute

MANY people may think that the perfect butter substitute has already been invented – and is called margarine. Not so, according to Boyle-Midway, of the US, which has developed a granular butter substitute called Butter Bud Sprinkle.

Aficionados of the baked potato comprise one of the target markets for the substance. The company claims butter buds have only four calories per serving, are cholesterol free and very low in sodium.

CONTACTS: Chronar: US, 609 799 8800. Bell Labs: US, 201 564 4280. Technology Marketforce: US, 213 456 2727. Kontact Europe: London 904 0544. IBM: US, 914 765 1900. Legal & Trade: UK, 0772 202050. Boyle-Midway: US, 212 886 1000.

ACCOUNTANCY COLUMN

Plan to clarify auditing role creates confusion

By Pratap Chatterjee

USERS of US annual reports have confessed to being confused by a new report format that was supposed to have clarified auditor and management responsibilities as well as doubts about a company's financial health.

A year ago the American Institute of Certified Public Accountants (AICPA) substantially overhauled the format for annual reports for the first time for 40 years by issuing nine Statements of Accounting Standards (SASs). The idea was to put more emphasis on the auditor's role in detecting fraud or difficulties where possible and bring them to the attention of the reader.

Two of the SASs set forth the auditor's responsibilities in the detection of fraud and errors. Three of them explain how those are to be detected by improving existing guidance on internal control and analytical review, while adding new guidelines for auditing accounting estimates. The reports of those findings to the public and to management take up another two guidelines each.

Until last year, company financial statements were accompanied by a two-paragraph report from the auditor giving them a clean opinion. If the auditor was not satisfied, the audit was qualified by adding paragraphs that explained that it was signed "subject to" certain conditions.

Audits are now no longer qualified with a "subject to" clause. Instead, all reports include a third opinion paragraph. That paragraph is expected to flag any one or more of three items – problems such as legal disputes or illegal activity, "going concern" questions of whether the company can continue in business and an "except for" clause used to highlight unusual accounting practices.

The idea was to put more emphasis on the auditor's role in detecting fraud

Mr Robert Temkin, a member of the Auditing Standards Board that prepared the new format, does not believe that the change has been for the better. "Removing the red flag does not improve communications between the auditor and users. They were better served by the subject of opinion," he said.

For instance, the 1987 Deloitte, Haskins & Sells audit of Armco, a steel and insurance company, stated that "subject to" the adjustments in profits after the sale of a property and casualty insurance subsidiary, the financial statements would "present fairly" the financial position of the company. The 1988 audit simply said that Armco's ability "to recover its investment . . . is dependent on certain future events."

While users complain that they find it hard to understand such semantics, auditors in smaller firms are now complaining that the seemingly simple "going concern" statement demands too much of them.

In their opinion, it is all very well for the large companies that have internal auditors to prepare their financial reports but their clients, such as the small family business, expect auditors to play a leading role in the preparation.

Mr Harry Brown, a professor of accounting at Canisius College, New York, and a sole practitioner, said: "It appears that the element of judgment is being replaced by a plethora of rules."

He points to SAS 59, which requires the auditor to evaluate doubts about the ability of the company to continue as a going concern rather than merely qualify the audit because of the doubt. "You don't know what's at the tip of the iceberg. It's both impractical and expensive," he said.

According to Mr Lee Seidler, an accounting analyst at Bear Sterns, reports are "all jargon and quite meaningless normally to readers. Most people skip them." Adoption of a single standard report will simply reinforce that, he said.

Mr Seidler was deputy chairman of the Cohen Commission on auditors' responsibilities which reported to the AICPA in 1978. They noted in their report that the effect of using a standard report was that once readers become familiar with the words they tend to stop reading it.

The Commission suggested an eight-paragraph report that would also have stated the auditors' opinion on internal controls and other financial information. It would have removed words such as "fairly" as a subjective opinion of an individual. It would also have required both the auditors and management to state their responsibilities explicitly.

The Cohen recommendations were by and large ignored. Meanwhile, after large illegal payments to foreign officials and the financial difficulties of Lockheed and Penn Central became public in the early 1970s, the US Congress authorised a series of investigations that culminated in a private-sector report by the Treadway Commission in October 1987, which once again urged a new format to better communication between auditors and users.

The AICPA claims that it was not unaware of the difficulties, but it took a long time to act. Finally, last year they came out with the new SASs which they took pains to advertise in local newspapers and through seminars.

Mr Dan Guy, the AICPA's auditing vice president, said: "The purpose of an audit is to guarantee financial statements and reduce information risk, not to reduce business risk. We don't tell people whether to buy or sell a company's stock."

The public will not be set at ease if they are confused by auditors' reports

Unfortunately, the public expects much more. Earlier this year, after a number of savings and loans associations (S&Ls) went bankrupt, the General Accounting Office, the investigative arm of the US Congress, issued a report blasting a number of accounting firms for slipshod work. The Government will now have to pay out over $100bn to bail out the S&Ls.

Mr Philip Chenok, president of the AICPA, testified before Congress's house banking committee in January on the S&L crisis, where he defended the role of the profession by listing a number of occasions on which he said they had warned regulators as well as Congress about the dimensions of the problem.

In many of the audits, he said, auditors did highlight the problems and the AICPA itself issued warnings about them. However, Mr Brian Smith, director of regulatory affairs for the US League of S&L Institutions says: "The language that is used is very cautious. The AICPA itself reads a great deal into the phraseology in the boilerplate of reports. For the ordinary mortal, the auditing reports look as clean as a whistle. They have to be bold faced."

The AICPA issues guidelines on specific industries. The guide on S&L audits was issued in 1979, but changes have since been made. After the GAO report was issued, the AICPA decided to speed up the preparation of a new guide. They now expect to have an exposure draft by the end of the year. Now they also plan to rewrite all other existing industry guides into a loose-leaf format and add annual updates.

Will that put the public at ease and shield auditors from criticism? Not if they are confused or if they get used to a standard format. "They can reword their reports until they're blue in the face but the auditor's role is set by statute," said Mr Seidler. "An auditor's report that isn't read is no good to anyone."

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FIVE companies dominate the British food retailing scene with nearly 60 per cent of the market between them. J Sainsbury and Tesco are the clear leaders, and appear to have carved themselves unassailable positions.

But there is much jostling between the next three players as to which will join the top two, if not strictly by market share, then in terms of quality. Of these three, Argyll and Asda have both undergone radical changes in recent years, and both have staked a claim to become the third force in food retailing.

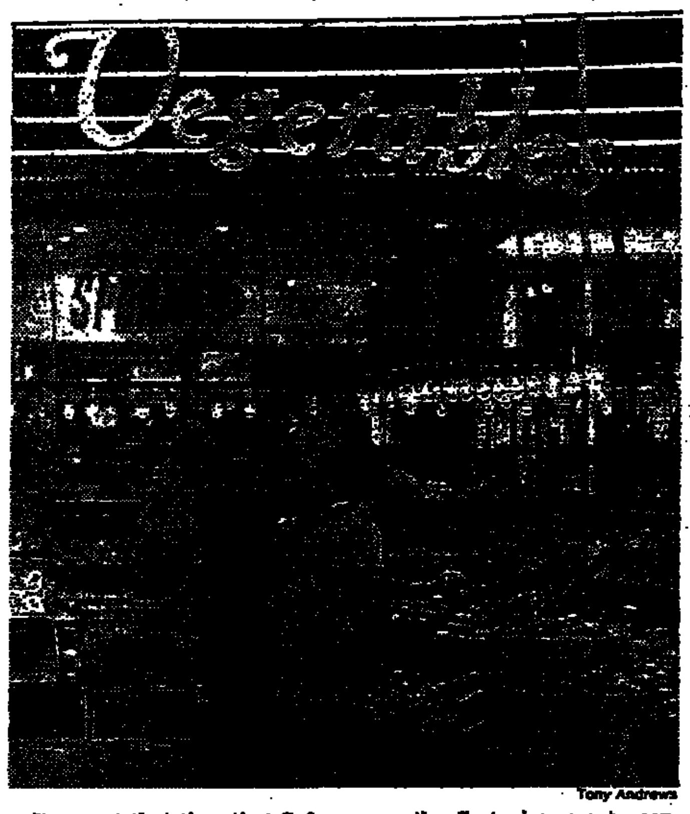
Fifth-placed Asda has been attempting to re-establish the strength it had in superstores in the 1970s and lost in the early 1980s. It is in the final stages of a deal to buy 62 superstores from third-placed Gateway, recently the subject of a £2bn leveraged takeover, which will also mean the two swap places.

Meanwhile Argyll, ranked fourth at present, is half way through a programme to make the most of its purchase of Safeway in February 1987 and the conversion of its own Presto stores to the Safeway format.

UK supermarkets

Shopping around for a bigger basket

Maggie Urry assesses the strategies of both Asda and Argyll as they seek to expand their geographical bases and become a credible third force after Sainsbury and Tesco



Alan Harper

Tony Andrews

Asda is nearing the end of a five-year refurbishment programme. It also decided to increase its range of fresh produce (right). Argyll must now ensure that Safeway's proven formula (above) is adapted to keep abreast of the competition

A need for change

Superstore retailing in Britain was invented by Asda in the 1960s, in its Yorkshire heartland. The formula was simple. In a large, warehouse-like shop with a big car-park, customers were offered cut-price groceries, with limited fresh food and cheap non-food items.

The basic formula was rolled out through Asda's home territory and ever-rising profits flowed in. But in the 1970s the likes of Tesco and Sainsbury overtook Asda in developing superstores, making their shops more attractive and with wider food ranges, including fresh foods.

In 1984 John Hardman, now chairman, took charge of Asda, having been finance director since 1980. By then, he says, "the business was about to fall off the edge of a cliff." Asda had lost its consumer franchise, he says.

The Asda management attitude was "arrogant and ignorant", he says, with no intention of adjusting the formula despite changing customer demands. And it was so complacent that store openings had dropped to the point where only 11 came on-stream in three years.

Hardman says his first task was to make management realise the need for change. He says: "I did a deal with the Old Swan Hotel in Harrogate and spent a year dining every one in the company who mattered. I spent night after night there explaining the corporate plan individually."

As well as changing management attitudes the plan entailed:

- re-vitalising the store opening programme;
- redesigning and refurbishing the stores to make them more appealing to customers;
- developing a range of own label goods and bringing in more fresh foods, while paring the non-food ranges;
- bringing in information technology; and
- building a dedicated distribution network.

Implementation of the various parts of the strategy began in early 1985 and was planned to be complete in five years.

A visit to Asda stores now reveals a sharp contrast between the old and new styles. The old "brown" stores, so called because of the prevailing colour in the decor, are being replaced by "green" stores, with a fresher look. At the same time Asda has been extending its geographical coverage to the south of England where it has been less well known.

In Pudsey, a town to the west of Leeds, one of the original Asda superstores, built in 1967, is still a brown store. Clean and tidy on a Tuesday morning, but distinctly tired looking, the 48,000 sq ft store takes £325,000 a week and makes a good return, if only because it is "in the books at bugger all," as Hardman puts it.

Although the store has been tinkered with – chill cabinets, an in-store bakery and a delicatessen counter have been put in – shoppers are still presented with a view of the cheese counter across racks of T-shirts and bras.

By contrast a store at Morley, to the south of Leeds, which opened just before Christmas, looks more welcoming. The 45,000 sq ft store is taking £500,000 a week selling the same goods. It is broken up into clear colour-coded sections for different types of products. The clothing department is carpeted. "The same merchandise has much greater authority," Hardman says.

Own-label products on the shelves are attractively packaged, giving a sense of quality and value. Low prices are still, however, a fundamental part of the "offer" to customers.

The "brown" stores were in the majority last year, but this year refurbishments and new stores have meant that more than half the 130 store chain is "green". Electronic point of sale technology will be in every store by next year. The new distribution network is almost complete. Store openings are back up to around 14 a year, and the proposed purchase of 62 Gateway superstores will amount to four years' growth at once.

Asda can claim success in managing to keep profits moving up despite the massive investment involved in the changes that have taken place.

However, critics argue that Asda has lost its dominance in its northern heartland and is still uncertain whether its appeal is based on low prices – as evidenced by bouts of price-cutting – or whether it has moved up-market.

They say Asda has failed with its non-foods ranges, and some even argue that non-foods cannot be sold in food shops at all. While there is still much to sort out, they say, Asda should not be taking on the daunting task presented by the Gateway superstores.

Hardman denies these charges, believing the new store formula works well both north and south. He hopes that the recent tie-up with George Davies, of the Next fashion retailer fame, and the introduction of new clothing and footwear ranges in the spring will enhance non-food sales.

As for the Gateway deal, Hardman is convinced it will more than pay for itself by giving Asda an extra £1bn of sales, improving buying power, filling the distribution network more quickly, and leading to marketing economies.

"If we did not do the Gateway deal," says Hardman, "it would not be the end of the world. But we could not hope to get higher than number four. We would have to concentrate on being a very good quality number four."

Taking tact to culture

Safeway's biggest strategic strength is the culture in the business, according to Alastair Grant, the chairman of Argyll. "Starting that would be a very tough task now." Much of that culture comes down to teamwork and training, he says.

It has taken a high degree of tact to combine Safeway with Argyll's Presto chain, without damaging that culture.

Grant has long experience of putting businesses together. Argyll was built up in the 1980s through a series of takeovers, unlike Tesco, Sainsbury and, until now, Asda, which have largely been built up organically.

By 1986, says Grant, Presto had combined a number of trading identities under the Presto name and pushed trading margins up. The next phase was to make its marketing more effective. Even so, Grant then reckoned that, four or five years on, Presto would still be substantially behind the industry leaders.

It was at that time that Safeway's American parent put its British subsidiary on the market, and in February 1987 Argyll bought it. Grant took the bold decision to switch the Presto name for Safeway, in effect throwing away the work done on Presto. "Safeway gave us a brand into which we could inject our assets," Grant says.

Safeway is a business which had a performance-based consumer franchise, Grant says, with skills in operating the stores and providing customer service. He holds up Sainsbury as an example of a business with a product-based consumer franchise, offering good own brands.

"If we can combine the performance franchise with the product franchise we will have a well-differentiated, unassailably good retail format," Grant says. He realises Argyll is unlikely ever to overtake Sainsbury and Tesco. But says the "Safeway route is to be the BMW of retailing by 1995."

After the purchase of Safeway the first aim was to convert Presto stores to the Safeway style and make sure the switch worked. So far sales gains from converted stores have more than justified the move, and as the programme rolls out through the Presto chain each conversion becomes an easier task.

Now the push on conversions has moved to Scotland, where Safeway was already a market leader, and to introducing the Safeway name into other areas where it was less well known.

For example, a three-year-old Presto store in Bathgate, a miserable post-industrial town halfway between Edinburgh and Glasgow, is about to turn into a Safeway. Conversion work has been going on at night for some weeks, and already sales have picked up. The conversion cost is expected to be paid back in a year.

Grant says the Safeway formula – which some perceive as typically southern and middle-class as personified by actress Hannah Gordon in the company's television adverts – does well in down-market Scottish areas.

In St Helens, Merseyside, a brand new Safeway has been opened on the site of an old glass works – its entrance a glass pyramid. This is the first example of an Argyll-built Safeway. At 40,000 sq ft it is much larger than the average Safeway and will set a standard for further larger stores.

Now "conversions are not the point of stress in the business," Grant says. He is moving on to address longer term marketing issues. In 1987 he promised Terry Spratt, head of Safeway, that nothing would be done to change the Safeway format for two years after the takeover, without Spratt's say so. The wine and meat ranges were improved, but by and large Safeway was left untouched.

Argyll must now ensure that the Safeway formula is adapted to keep up with the competition and get across to customers the idea that Safeway offers good value for money, as well as its traditional virtue of service, a term which encompasses many aspects of the stores' operations such as the wide range of goods and stock availability as well as help at the checkout.

One of the main lines of attack is own brands. Although Safeway's own label goods represent about 35 per cent of packaged goods sales, the name does not have much impact. On the packages the Safeway name is often small, is written in a variety of colours, and appears most striking on a can of baked beans whose label screams of being a "generic". It does not convey to the shopper the idea of a quality product at a value-for-money price that is the aim of most own brands.

With annual sales now heading for a combined £4bn, in contrast to Safeway's £1bn at the time of its takeover, there are more resources for product development, and national marketing will have a bigger impact as more stores carry the Safeway fascia. Improved information systems will help with getting the merchandise range right. Safeway only had one store with electronic point of sale scanning when it was taken over; by the year end 60 per cent of its sales will be scanned.

"We have not taken one ounce out of the Safeway culture," Grant says. Indeed, it is clear that the Presto's more aggressive business approach is proving complementary to Safeway's brand strength.

Mad as a hatter

"All I ever wanted was an ordinary life," sighs Bernadette Peters in *Slaves Of New York*. Ah yes. Such has been the plaint of Bohemian heroines through the ages. Somehow they all end up coughing blood in an attic or drafted in funny clothes into Woody Allen films or signed up, as here, by director James Ivory (*A Room With A View*) for a movie that re-defines the word "skittish."

Drastically.

The day before I saw this comedy of Manhattan manners I had had a tooth extracted. The morning I saw the film, I found myself longing for the simple pleasures of the dentist's chair. Ivory approaches his material without anaesthetic. He has taken a book of stories by Tama Janowitz, depicting the wacky pleasures of the artistic set in New York's Greenwich Village, and turned them into a single narrative with Miss J's own help as screenwriter.

Did I say "help"? Not the *mot juste*, I fear, for the service she has provided. A swim with weirdos, the film resembles a giant, demented fish tank: one in which the wonders of human nature (present-day, though more resembling the 1960s) glide across our vision in exotic apparel, mostly in opposing directions and on obscure quests.

Miss Peters plays the kooky young thing living with painter-philanderer Adam Coleman Howard and determined to "find herself" as a human being. Fellow fauna who aid or aggravate her include boyfriend-seducing sexpot Madeline Potter, neo-classical artist Nick Corri (who wants Peters to pose nude), and Chris Sarandon and Mary Beth Hurt, both top-billed but in roles so tiny they must have fallen to the cutting-room floor.

Newspaper sub-editor by trade, Miss Peters is a hat designer by ambition. (The hats are the best thing in the film, variously inspired by butterflies, concertinas and ashtrays). She is clearly supposed to be the charm bracelet that jingles us through the film. But she is seldom more than an adenoidal pain in the neck. Both her voice – belonging to the Madeline Kahn School of Diselemented Nasality – and her "Help me, help me" personality seem designed to drive friends to the other end of New York. And Janowitz has assembled her life story like pieces of a puzzle that will not add up. (If she hates parties, why does she throw them? If she is the mad hatter of Manhattan one moment, why is she a frightened dormouse the next? These things may not be inexplicable, but they are never explained.)

James Ivory's films have a nasty habit of falling apart whenever he forsakes the safe and narrow of either period India (*Autobiography Of A Princess*, *Heat And Dust*) or the Forster/James school of great English novel. Like *Jane Austen In Manhattan*, or *Savages* before it, *Slaves Of New York* is the work of a painstaking miniaturist playing at mayhem. It is horribly unconvincing – even the split-screen experiments are so half-hearted they suggest creative jitters – and singularly charmless.

The film may well be Ivory's bid to answer those critics who denounce his best movies as dressed-up Eng Lit. But he does dressed-up Eng Lit better than anyone else, and he is unlikely to persuade us that he has a larger range simply by stepping out of a high window in Greenwich Village and *going free-fall*.

SLAVES OF NEW YORK (15) Curzon West End
MY LEFT FOOT (PG) Curzon Mayfair
PHYSICAL EVIDENCE (18) Odeon Leicester Square
NEW DIRECTORS Metro
KICKBOXER (18) Cannons Panton St and Chelsea

* * *

Daniel Day Lewis is astonishing in *My Left Foot*, the story of Christy Brown. Any English actor who tackles the role of an Irish painter afflicted with cerebral palsy is either very brave or very insane. In Day Lewis's case, I pick the first.

A tantalising actor, he has tended to underwhelm in "straight" roles: whether playing Hamlet on stage or screen-starring in *Stars And Bars* and *The Unbearable Lightness Of Being*. But allow him the disguises of a character role – in *My Beautiful Laundrette*, *A Room With A View* or *My Left Foot* – and he lets rip like a chameleon given his own one-reptile show.

With yawing face, jutting chin, rolling eyes and dialogue consisting chiefly of groans and growls, the role of Christy Brown could have been played as if it were amateur talent night at the Long John Silver society. Instead, we seldom believe Day Lewis is *not* Christy. Caught between shock and compassion, we watch his pitiful writhing for utterance – a Laocoon lost in the coils of self-expression – and his pained clasping of paintbrush between toes, a tragic parody of artistic striving.

When Christy bursts the banks of his own frustration, at a wedding luncheon when his own loneliness wells up in misery and abuse, Day Lewis is breathtaking. It is as if an actorly talent that cannot be won by the woolings of unencumbered heroic roles suddenly leaps towards greatness when weighed down with an armoury of handicaps.

Bernadette Peters (left) and Mercedes Ruehl in *Slaves of New York*

The film built around him, alas, co-written and directed by Jim Sheridan from Christy Brown's own autobiography, is less triumphant. Sheridan, unlike Day Lewis, has no flair for panning truth from cliche. The early dialogue has a stupefying expository crassness: "He's a terrible cross to the poor woman," burbles a neighbour of Christy and his Mum; "Yes, he has the mind of a three-year-old," answers her pal. And when the film feels it is letting up on stating the obvious, it hits us with a melodramatised moment like that when Mum falls downstairs, to the accompaniment of *Psycho*-like music as young Christy (Hugh O'Conor) struggles to her rescue. A cast of brave Gaels – Ray McAnally, Cyril Cusack, Fiona Shaw – struggle to rescue the film. But only Day Lewis has the role and the range to make a stuttering vehicle seem like a Rolls Royce.

* * *

Meanwhile, in Hollywood, triviality reigns. Burt Reynolds is wanted for murder in *Physical Evidence*. The whisky-bibbing ex-cop has no alibi for the night a hoodlum acquaintance's throat was perforated. It happened on a Boston bridge and the victim was found dead by a would-be suicide (who, nothing if not impressionable, called off his suicide). Beautiful Theresa Russell, a public defender, will defend Reynolds. But only if he comes clean. Will he? Did he do it? Didn't he? The tension mounts.

Unfortunately, after about half an hour, it dismounts. *Physical Evidence*, directed by Michael (*Westworld*) Crichton, resembles an attempt to saddle up *Jagged Edge* and ride it in the general direction of *Suspect*, hoping that a mating miracle will produce a box-office champion. No such luck. The film gurgles with implausibility: all the way from the spectacle of Reynolds trying to re-enter stardom by the back door – this part, the PR announces, is the actor's first "victim role" – to that of Ms Russell trussing up her erotic allure (*Black Widow*, *Track 29*) in the pin-stripes-and-platitudes of a Hollywood attorney.

Hurrah for the British Film Institute's decision to go public with the fruits of its New Directors scheme. Having bankrolled a series of short films by first-timers – £20,000 apiece – the BFI has put the year's produce on display. Now we have the chance to throw brickbats or bouquets, and to take an informed interest in the future of British cinema.

Of the three films press-shown – Patrick Keiller's *The Clouds*, Gurinder Chadha's *I'm British But...* and Graham Young's *The Long Way Round* – the last is best. Turning an office building into a maze of visual deceptions, it is *Tati's Playtime* re-made for the age of high tech. (The dog which keeps "vanishing" between video monitors is a special joy.)

Chadha's documentary about Anglo-Asian cultural entente in modern Britain – if it's *bhangra*, is it British? – seems too much like half-an-hour sliced at random from the Channel 4 schedules. And I am definitely doubtful about *The Clouds*, panning across Britain's dark Satanic hills while uttering self-important geological metaphors for human existence. Perhaps I will compromise between bouquet and brickbat and throw a briquet. That way the BFI can hold an inquest-cum-barbecue on a scheme that is wonderful on paper but, on this year's evidence, shaky on celluloid.

Kickboxer is the week's idiot item. Go to Bangkok with a large piece of Belgian beefcake (Jean-Claude van Damme). Compete in a kickboxing contest. And then return with a film resembling a cross between a Bruce Lee epic and "Come To Thailand." Daft beyond words.

Nigel Andrews

EDINBURGH FESTIVAL

Schism in England

ST BRIDE'S CENTRE

The National Theatre studio company has come to the Festival with a turgid early play by Calderon, newly translated by John Clifford. *Schism in England* documents an official mainland European Catholic view of events leading to the Reformation.

Probably first performed at the court of Philip of Spain in 1627, the chief interest lies in what Calderon might make of the philosophical decision, or rather excuses, for the split with Rome. But this never comes. Instead, Geoffrey Bateman's virile monarch conforms to all the traditional nonsense of "the bloat king," ditches Catherine of Aragon (Linda Bassett) and succumbs finally to the persistent prostrate assault of a scheming Anne Boleyn (Miranda Foster).

Catherine reminds Henry that schism and heresy are always perpetrated in the name of piety, but the political consequences of the Reformation are barely mentioned. The tragic centre lies in the downfall of Cardinal Wolsey, whom Michael N. Harbour plays like a dyspeptic bullfrog, rolling his eyes and throatily declaiming the aspirations of a butcher's son with an itch for the papal diadem. Jane Seymour (Kate Gielgud) flutters in the background, the subject of one of the longest, most tedious speeches I have heard in a theatre, delivered by Jeremy Flynn as her French suitor.

John Burgess's production is boringly acted and politely arranged on a blood-red but nebulous setting by Alison Chitty on which is painted a vaguely sensual crucifixion. As an event, it compares badly with the Traverse's production of John Clifford's *Ines de Castro*, a more vital exploration of religious and political expediency a century or so earlier, before the breach was healed between Spain and Portugal. And as a contribution of the National Theatre to a major international festival, it simply will not do.

At least we have the unfamiliar sight of Henry VIII as a devoted papist and scourge of the Lutherans, but not his changes of heart and course. After the discovery of some love letters of Boleyn, the ambitious waiting woman is reviled as a witch, basilisk and tigress, and promptly beheaded. It is made clear that the break with Boleyn has been pushed through by the heretical new queen, Princess Mary (Hilary Dawson), while the long-suffering Aragon is consigned to cheerless oblivion. A spark of dramatic interest is nearly ignited when the tight-lipped, incipiently twitchy Miss Bassett encounters the fallen Wolsey, stripped of his official robes and travelling incognito.

The shadow of Boleyn is mentioned by Henry at the start, and there are persistent intimations of doom. Clearly the women are to blame, though the clownish Pasquino, as Calderon's crude approximation of King Henry's court jester, Will Summers, spreads around his disaffected accusations quite evenly. Karl Johnson's playing of Pasquino as an acrid malcontent is disappointingly half-hearted, though he be slightly fair for a change, he is saddled with some excruciating lines.

Michael Coveney

Kresnik's Macbeth

KING'S THEATRE

The new German dance theatre – political, committed, more concerned with social than choreographic commentary – has arrived in Edinburgh with a bold and bloody deed. Johann Kresnik has, for 20 years, been making pieces that challenge even the conventions of today's dance-theatre, and in the *Macbeth* showed by the Bremer Theatre, Bremen, the Scottish play is radically and brilliantly re-worked.

Blood pumps, spurts, stains the white of bath-tubs, of setting, of human nature. A blood-red front curtain rises to reveal a stage draped in white plastic sheeting, round which thin arterial tubes convey blood to the orchestra pit. At the back of the stage are vast steel doors. Fourteen white bath-tubs are there, with bodies in them. A priest in soutane and shovel hat, black-faced, enters and pours a bucket of blood and visceral remains into the pit. He leaves, closing the steel doors with a clang like the crack of doom. A series of "red-outs" present us with photographic aphorisms about violence, the quest for power, death.

Thus the staging begins. It seems wilful, compelling, intensely pertinent to the drama. Dress is modern – the witches like mad air-hostesses at moments – and faces are daubed, disfigured, with smears, stains, gouts of blood, the only colour in a black and white production. For 105 minutes Kresnik builds up a text of references, hypnotic repetitions of imagery, that form a gripping commentary as the play is transmuted but never betrayed.

Duncan's murder, the scene with Banquo's ghost, have a demonic energy and imaginative resonance. Lady Macbeth, perched half-way up the doors, watches Duncan's death; Banquo, a Kabuki figure, rears beneath Macbeth and carries him on his shoulders. The most shocking moment comes when the entire stage picture changes. Gone the black figures, the blood, the menace. We are in a nursery, the cast (as children) dwarfed by a giant chair and table. Three white-clad doctors watch them benignly (but why those climbing irons on their feet?), and then suddenly assault and kill them in most brutal fashion. And Macduff brings on Macbeth for the closing scenes.

Kresnik's is a theatre of allusions performed by dancers. His skill lies in the dramatic vigour and pertinence of what he does. Choreography is not in evidence in the conventional sense, but the theatrical passion and blood-boltered ferocity of what he achieves needs dance as a language to give essential stylisation. The effect is astonishing, unforgettable.

Company performances are of total integrity, led in tremendous fashion by Joachim Siska as Macbeth and Susana Ibanez as his wife. Siska, tireless, gives an innocence to the Thane then makes him appallingly a victim. Miss Ibanez, tense, domineering, then lost in madness, is no less powerful. There is an accompanying score for two pianos by Kurt Schwertsik. It should be seen.

Clement Crisp

Hewitt's Bach

QUEEN ELIZABETH HALL

Tuesday's concert of Bach keyboard concertos given by the Canadian pianist Angela Hewitt and the 11 string players of Divertimenti fitted snugly into the timespan of the current "Towards Bach" festival now unfolding on South Bank and at St John's, but was in fact not part of that enterprise.

It was a pity. Miss Hewitt, winner of the 1985 Toronto Bach Competition, is a Bach pianist of high distinction, and even so fashionably "authenticist" a programme as that collected into the "Towards Bach" schedule ought to be able to make house-room for someone of her calibre.

She played and directed five concertos, including the A minor with flute and violin (BWV 1044). Her limpid, singing line remained a constant pleasure throughout the evening; there is a special sense of the lyricism connecting up every melodic unit that marks out the born Bach player from the merely studious one, and Miss Hewitt possesses it richly.

In the wonderful slow instrumental aria over pizzicato strings that forms the heart of the F minor concerto, BWV 1056, she spun out a song that held the listener intent on every curve and corner, every movement of harmony and expressive detail of ornamentation.

The same can be said of the minor-key "Passion aria" that affords the D minor concerto (BWV 1052) its centre; throughout this work, the treatment of repeated phrases was deliciously fleet and witty, and marked by the rhythmic springiness no less important in Bach than the lyrical gift already mentioned.

However, Miss Hewitt is evidently far less experienced in instilling the same qualities in her small-orchestral partners. The performances tended to begin and end in decent ensemble, but in between those points there was too much straggling, particularly in the first work on the programme, the A major concerto (BWV 1055). And even when more reliable accord had been established, one missed a true sharpness of overall rhythmic definition – the general effect was of bright-focus piano set amid well-meaning blur.

Miss Hewitt should persevere with her performances of the Bach keyboard concertos: a promising start has been made, and she herself has a great deal to offer in them, but there is much work still to be done.

Max Loppert

Some big shows at Salzburg

The second 1989 operatic super-spectacle in the Grosses Festspielhaus is *Tosca*. It was first given at this year's Easter Festival, produced and conducted by Herbert von Karajan. Though even before his death Karajan had planned to hand the differently-cast summer-festival revival to his directorial assistant, Peter Busse, and the baton to Georges Prêtre, this *Tosca*, like the new *Ballo in maschera*, is in all particulars a Karajan bequest.

"For Salzburg," said the critic of the Salzburger Nachrichten, "Herbert von Karajan's estate carries a heavy mortgage." Via Günther Schneider-Siemssen's immense, fancy-perspective sets the production hands the audience a You-Are-There message: a Sant'Andrea della Valle interior almost in scale with the real thing, Scarpia's apartment endlessly deep and wide, a gigantic winged statue towering upon the panoramic Castel Sant'Angelo ramparts. Some aspects of the design prompt momentary interest, some mild dismay; essentially the feelings solicited in the audience are those of the operatic tourist.

There may also be an artistic motto concealed within the massive design concept – "Two little people don't amount to a hill of beans in a crazy world," as the Bogart character put it in *Casablanca*.

But this has never been a point difficult to establish in a *Tosca* peopled by vivid characters operating in a genuine theatrical framework. Against such overweeningly grand sets even Callas, Gobbi, and Di Stefano might pale into insignificance.

This is Karajan's estate – and probably the most practical thing any successor thereto could do would be to set about dismantling his hideously inartistic Grosses Festspielhaus theatre and its Cinerama stage brick by brick.

Meanwhile, the 1989 *Tosca* is made up of Anna Tomowa-Sintow, Peter Dvorsky, and James Morris – three honourable, well-intentioned, dramatically medium-horsepower performers. Morris's Heldenbariton splendour of tone and physical height could perhaps make him even a Karajan-production Scarpia, but he lacks strong personality.

The *gutbürgerlich* Dvorsky tries gamely to establish himself as Cavaradossi, only to be let down by the uncouth quality of his tenor in middle range. Tomowa-Sintow is a lovely artist, versatile, serious, warm and tender of manner, her fast vibrato-coloured soprano sailing out with special bloom in high phrases; Tosca's sensual appeal and theatrical background are really not hers to call upon.

None of these three was helped by Prêtre's rubato-laden conducting of the Vienna Philharmonic, which substituted arty phrasing for dramatic pulse-sustainment. The over-acting of the veteran Italo Tajo as the sacristan was intolerable.

*

Another big show in the same setting was the Vienna Philharmonic concert of Mahler and Beethoven (a smoothly denatured Pastoral) conducted by Claudio Abbado. Jessye Norman and her compatriot Thomas Hampson worked through 12 of the *Knaben Wunderhorn* songs, both in excellent voice (Mr Hampson's clean, youthful, wide-ranging baritone is a splendid musical instrument), both unerringly directing our attention to the broadest and most obvious features of each song.

In "Verlo'ne Müh" Miss Norman's pleading young country lover carried through each comic emphasis with bulldozer insistence; Mahlerian lightness and sweet-sour irony got buried underneath. The connivance therein of Abbado, a fine Mahler conductor, was a surprise.

*

Salzburg is also, of course, an important theatre display-case. This year's main offerings were by Schnitzler, Nestroy, and Hugo von Hofmannsthal. Every year since 1920 (apart from the period of Nazi overlordship) Hofmannsthal's *Jedermann*, the morality fable specially devised for the place and the festival circumstances, is given in the Cathedral square. Max Reinhardt's original production is carefully revived; the leading German-speaking actor of the day – in recent times Helmut Lohner (who now plays Death), Curd Jurgens and Maximilian Schell – spends a period of incumbency in the title role.

Since 1983 Everyman has been Klaus Maria Brandauer, whose thrilling physical and vocal presence expands to dominate every inch of the performing space. The play itself, given in a somewhat cut form, is a curious piece of sophisticated naivety, and the production, though joyfully active (and musically "stereophonic") across the open stage, now looks a bit fustian in places.

But unlike the luxury artworks that became a Karajan-era trademark, this *Jedermann* continues to tap its power from a wide range of "real," human-scaled Salzburg themes and experiences. After three horribly overblown musical experiences and one engrossing theatrical one, I long now for this festival to undertake the hard graft of getting back its roots. The time is surely right; and *Jedermann* is there to show the way.

Max Loppert

ARTS GUIDE

August 11-17

EXHIBITIONS

London

The National Gallery. The Artist's Eye – this year the abstract painter, Bridget Riley's turn to take her pick of the collections. She chooses a mere seven works, but all of them masterpieces – great figure compositions by Titian, Poussin, Veronese, Rubens, El Greco and Cezanne.

The Whitechapel Gallery. Euan Uglow – a retrospective of the paintings of the nude by a painter who is at once the most severely objective and the most seductive of our painters of the figure. Closed Mondays.

The National Gallery. The Artist's Eye – this year the abstract painter, Bridget Riley's turn to take her pick of the collections. She chooses a mere seven works, great figure compositions by Titian, Poussin, Veronese, Rubens, El Greco and Cézanne.

Paris

The Louvre. Les donateurs du Louvre. Aptly, the newly refurbished museum inaugurates the 1,200 square metres of space created underground for temporary exhibitions by expressing gratitude for the generosity of donors throughout its existence. All days except Tuesdays. Hall Napoleon, Niveau Accueil.

Brussels

KB Gallery James Ensor Etchings: works from the Franck Collection. (Ends Sept 10) 19 Grand Place.

Beaux - Arts. Le passe vivant Eben Ezer; works by Robert Garcet, drawings by Giorgio de Chirico (Ends Aug 19) 20 Rue Ravenstein 513 67 77.

Halles St Gery - Avanti, Bertrand Neuman (Ends Sept 9), Place St Gery.

L'Ecuyer, 20th Century Crystal, ends August 30th. 187, Avenue Louise.

Musée du Costume et de la Dentelle: Women and Equality 1789 - 1889. Ends Sept 24.

Amsterdam

Amsterdam Historical Museum. A selection of 70 design drawings from the private collection of art dealer Lodewijk Houthakker spanning four centuries. A fabled collection of more than 1,100 sheets. Ends 17 September.

Frankfurt

Schirn, Kunsthalle, Am Römerberg 6a. A Wassily Kadinsky retrospective (1866-1944). Wassily Kadinsky, initiator and founder of the famous Blue Horse style also created a new form of abstract painting. He left Russia four years after the revolution and was forgotten for many years. To rehabilitate him 45 years after his death, 20 museums from all parts of the world have lent about 170 oil paintings, watercolours and drawings for this unique exhibition, only to be seen in Frankfurt. Ends Aug 20.

Vienna

Secession. Never to be accused of neglecting the younger generation of Austrian and international artists, this gallery is exhibiting the Vienna artistic scene during 1989 as well as a marvellous photographic exhibition by Astrid Klein. Until August 27.

Rome

Galleria Nazionale d'Arte Moderna. The Sonnabend Collection contains a little of everything, from pop-art with some of the best-known works of Warhol, Lichtenstein, Jim Dine, followed by examples of American minimal art (Flavin, Judd, Morris), to conceptual art and *Arte povera*, with works by Gilbert and George, Paolini, Merz, Pistoletto and Kounellis, ending with some curious examples of German neo-expressionism. Until Oct 2.

Venice

Museo Correr. French impressionists from the Mellon collection at the National Gallery of Art in Washington: more than 40 works, among which are delights such as Courbet's seascapes, Seurat's La grande Jatte, and Renoir's Madame Monet and Son. Ends Sept 4.

New York

Museum of Modern Art. A retrospective of the work of Helen Frankenthaler covering 40 years in 40 paintings explores the development of abstract expressionism since the war. Ends Aug 20.

Washington

National Gallery. The first exhibit of the complete set of Mary Cassatt's colour prints includes familiar images of mothers and children from the American impressionist's oeuvre. Ends Aug 27.

Tokyo

National Museum. Heijokyo Exhibition. Important archaeological finds excavated in the past 30 years in Nara, where Japan's capital and imperial palace were located in the eighth century. Closed Mondays.

Idemitsu Museum. Hoan Kosugi. Kosugi's early work was influenced by Impressionism, but in later years he created a more Japanese style in sumie and watercolour. His favourite subjects were flowers, birds and people. Closed Mondays.

National Museum. Heijokyo - Discovery of a Lost Capital. Japan's first permanent capital and its imperial palace have been excavated extensively over the past 30 years. This significant exhibition features artefacts, reconstructions and models to give a vivid picture of 9th century life from a wide variety of angles. Closed Mondays.

National Museum of Modern Art. Art of the Showa Era. Paintings, sculpture, prints and photos by Japanese artists, all executed during the reign of the late Showa Emperor (1926-1989). Closed Mondays.

Teien Museum. Takeji Fujishima (1867-1943). Fujishima's work reflects the course of European Modernism but remains quintessentially Japanese in its delight in decoration for its own sake. The paintings on show include landscape, still life and portraits. Closed Mondays.

Master Peter's Puppet Show

GEORGE SQUARE THEATRE

The National Youth Music Theatre has brought to the main Festival their double bill of Falla's *Master Peter's Puppet Show* preceded by *The Magistrate*, a misleading English title for *El Corregidor y la molinera*, the mime play soon transformed into the ballet *The Three-Cornered Hat*.

For the opera NYMT uses not puppets but young performers wearing stylised masks – masses of masks, working well up to the moment of Don Quixote's assault on the tiny figures under the delusion that they are real, where the full pathos is lost. John Wright and Jeremy James Taylor are joint directors, the designer is Sarah Ashbole, the masks are by Michael Chase.

The Puppet Show is sung in English in the old translation of J. B. Trend with some updating. Diction is excellent. Special praise to Tuesday's player, Paul Renison (who shares the role with Thomas Rogers) of Master Peter's boy, who has the job of narrating the action, which he does with infectious enthusiasm. Just one point – the first few announcements should go faster. The boy leads off automatically, only becoming involved himself later on. The change should show. Rob Milner gives an unusually sharp portrait of Master Peter. As a youthful Quixote in a Ronald Searle mask, Justin Harmer sings boldly and well. Quixote's presence in the stage audience must never be overlooked – this one deserves more help from the lighting.

The non-singing characters, usually played by small puppets, form and re-form flexible groups on various levels as scene melts into scene. The decision to put the orchestra at the back of the stage may be inevitable in the kind of theatre in which NYMT usually performs, but although the conductor, Richard Dacey, and the ad hoc orchestra strove with a will, too much of Falla's expertly and exquisitely contrived sonorities went for little or nothing.

For *The Magistrate* the three sisters forming the Triple Threat Dance Company, who are responsible for choreography and staging, also make use of masks. With some ingenuity they impersonate all the characters – the randy Corregidor, the miller, his desirable wife, a policeman and an oriental-style scene-setter. Unfortunately, in the process a rumbustious Spanish small-town comedy becomes daintified.

Falla's score is filled with illustrative detail worked with great skill – he described it as "musical dialogue" – too seldom reflected in this slimmed-down treatment. The orchestra for *El corregidor* is smaller than the one required for the *Puppet Show*. Surely the same players could manage both and abolish the tape? The sponsors are Nationwide Anglia.

Ronald Crichton

FINANCIAL TIMES
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Thursday August 17 1989

City faces up to Europe

JUST AS the UK's unwieldy regulatory system for the investment industry, installed under the Financial Services Act, is being brought into full working order, it is becoming evident that the regulators are facing another upheaval. They are going to have to come unexpectedly quickly to terms with a European dimension.

It seems odd that the 1986 Act was developed almost without regard to the international implications. That is, of course, the traditional approach. Financial supervision has in the past been regarded by most countries as a wholly domestic subject.

Until recently, European Community directives were seen as very long-term projects. For example, the directive on collective investment funds took something like 15 years to negotiate. Since the Single European Act was passed in 1987, however, the pace has accelerated astonishingly. City of London practitioners were alarmed when the Second Banking Directive and the Insider Trading Directive sped through earlier this year. In the event, the final drafts were regarded as satisfactory. But earlier versions were not, and the UK's financial services industry is now anxious that the same information gap between the City and Brussels should not exist in respect of further important EC legislation, including the draft Investment Services Directive and the planned associated directive on capital adequacy.

Different rules

The Investment Services Directive, as it stands, is only designed to tackle half the problem. It provides for home country authorisation for investment firms, but it has proved impracticable to harmonise the radically different conduct of business rules of different member states in the near future. These rules will therefore continue to be set by the host country for the time being. This still poses potentially significant problems for British firms. If it proves cheaper and simpler for firms to become authorised in other countries, and thereby to become entitled to a Community-wide "passport" after the beginning of 1993, then the British could find themselves labouring under a handicap.

At the very least, the cumbersome method of authorisation by different self-regulatory organisations for different categories of investment business will need to be modified. Plans are being drawn up for banks to be given blanket authorisation for various investment activities by the Bank of England (which will need new powers). Otherwise British banks operating their investment businesses through various subsidiaries, which need separate authorisation, would not be able to enjoy the single passport for operation throughout the Community which will be available to the likes of Deutsche Bank.

Cost and complexity

But this will not tackle the underlying problem of the cost and complexity of the UK's regulatory system. It is regarded in Brussels as the Rolls-Royce of investor protection structures, elegant and comprehensive in a legalistic way, but not a recommended model for the mass market. British firms are becoming uncomfortably aware that over the next few years they could be put at a competitive disadvantage.

When members of the EC's Economic and Social Committee visited the City of London in June to sound out British opinion on the Investment Services Directive they were given a strong message that not enough harmonisation had been provided for. The EC representatives said politely that they agreed. But the question remains: who is going to harmonise with whom?

It is still too early to say whether really serious problems will flow from this. But the regulators in London will from now on have no choice but to consider the European implications of all rule changes.

The approach of the Commission in Brussels to harmonisation is to set minimum standards. If the UK chooses to set up an expensive system of regulation and then finds it difficult to compete with lower cost systems elsewhere in the Community, that will be a problem for the British to solve.

Iran's confusing signals

If Iran is to win the respect of the international community and restore its fortunes after the eight-year Gulf war with Iraq, it needs a reasonably consistent foreign policy and sound economic planning. So far, 10 years after the Islamic revolution which overthrew the Shah, it has neither.

The existence of a genuine public debate in Iran, even if restricted to a narrow political arena, is one of the few positive benefits left by the revolution and should not be lightly sacrificed. Nor do realistic observers in the outside world expect Mr Rafsanjani, the newly elected president, to abandon the revolutionary Islamic ideals of the late "Imam" Khomeini. But it is difficult for anyone in the outside world to conduct business with Iran when the people supposedly in charge of government policy are flatly contradicting each other in public, especially on an issue as sensitive as the hostages in Lebanon.

Sometimes Mr Rafsanjani and his allies offer to help free the hostages and suggest a deal with Washington; at other times Mr Ali Akbar Mohtashemi, the hardline Interior Minister – and even Ayatollah Khamenei, the nominal successor to Khomeini – pour scorn on the idea of negotiations with the US and appeal to the Imam's memory to endorse their hatred of the "Great Satan". These inconsistencies are those of a still unfinished revolution, not a mature system of government.

Statesmanlike noises

Mr Rafsanjani has made statesmanlike noises in recent weeks, particularly towards the US, but disturbing signs of inconsistency in the Iranian leadership remain. Tehran took a confrontational approach towards the Saudi Arabian authorities before this year's pilgrimage to Mecca, ensuring the exclusion of Iranian pilgrims, and is suspected of involvement in the assassination of three Kurdish leaders in Vienna in July. Doubts persist about Mr Rafsanjani's goodwill, and more seriously about his ability to control his colleagues. When the presidential elections were brought forward by three weeks to July 28, it was assumed that this would allow him to take control as quickly as possible. But the process was delayed by constitutional confusion following the failure of Ayatollah Khamenei officially to resign in his capacity of outgoing President.

In the short term, the composition of Mr Rafsanjani's new cabinet, which he is expected to announce in the next few days, will say a great deal about his intentions, although it may also expose the limits of his political power. The best hope must be that Mr Mohtashemi will be dropped, or at least shunted into an appropriately insignificant job. He helped establish the pro-Iranian Hizbollah organisation in Lebanon which has been linked to the kidnapping of foreigners, and has publicly been urging it to stick to an extremist course.

Lebanon policy

Mr Rafsanjani's attitude towards Lebanon and the hostages will be closely watched. So far he has won some Western gratitude by leaning on the Hizbollah factions to dissuade them from killing any more of their captives, and apparently he hopes to resolve the hostage crisis by a deal which would be beneficial to Iran without obliging Western governments to renege too blatantly on their proclaimed principle of not bargaining with terrorists. But his intentions in Lebanon as a whole, where Iranian and Syrian-backed Moslem groups have joined forces against the Iraqi-supplied forces of the Christian leader, General Aoun, remain unclear. Meanwhile, a quick way for him to improve his image internationally would be to order the release on humanitarian grounds of Mr Roger Cooper, the British businessman held without trial since 1985, in time for him to attend his mother's funeral in Britain later this week.

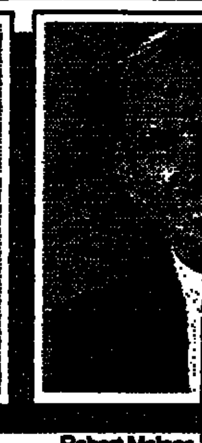
What matters about Mr Rafsanjani is not his alleged "moderation" but his apparent realism. To a greater degree than most of his fellow-clerics, he seems to understand the limits of Iran's military power and international influence and the need to rebuild them. He will need all his realism, and all his authority, in the coming weeks.

Max Wilkinson on the UK's new electricity generating companies

- 46 power stations (of which 5 nuclear Advanced Gas-cooled Reactors)
- Total capacity 35,592 MW. Last year's output: electricity worth £4bn
- 31,000 staff, with main offices in London, Swindon, Bristol and Knutsford (Cheshire)
- Chief executive: John Baker (CEGB)
- Aims include: "to be more flexible and skilful than the competition... to improve financial performance and productivity"

National Power

John Baker



Robert Malpas

POWERGEN

- 21 power stations, mostly coal fired
- Total capacity 19,000 MW
- 9,500 staff, with head offices in London and Shirley (West Midlands)
- Chairman: Robert Malpas (ex BP) Chief executive: Edmund Wallis (CEGB)
- Aims include: "to become the UK's lowest cost producer of electricity"

The dance of the dinosaurs

"WHEN THE avoidance of political embarrassment is no longer one of our primary management objectives, we can be much more relaxed about people making mistakes."

Mr John Baker, chief executive of a very large electricity company which hardly anyone has heard of, is reflecting on the task of breaking away from ingrained habits of subservience to ministers into a harsher world of risk, enterprise and profit.

His company, National Power, is the largest of the three created when the government partitioned the Central Electricity Generating Board for privatisation. Even after the break-up, National Power will be the world's second largest electricity generator; its little sister PowerGen will have enough plant to supply the whole of the Netherlands. The third part, the National Grid Company which will run the transmission network, will also be a multi-billion pound enterprise jointly owned by the 10 distribution companies.

The generating companies are technically still divisions of the CEGB. They expect to become state-owned companies in January in preparation for sale in 1990 or later. Yesterday was the day of the image makers who have been packaging the two generators for the sale. In blues and red, yellow and slatey green, with bold sans and tastefully italicised serifs, they expounded the new "corporate identities" of these born-again purveyors of power. Then came videos of cornfields, horses and racing cars to "create awareness" of names which, surveys show, are still lamentably unhousehold.

The old CEGB scorned such frippery. Bullied by ministers, yet technically strong, financially secure and proud of its mission from Parliament to keep the lights burning at least cost, it never thought to doll itself up for bankers and investors; nor for anyone else. It was little known by the public and its attitude to its customers, the 12 area distribution boards, was at best school-masterly, at worst disdainful – and greatly resented. As Mr Baker wrote in a draft of a speech to National Power's managers six months ago, "The area boards are looking to settle several scores after decades of what they see as being kept under the CEGB's domineering and arrogant thumbs."

Although Mr Baker lowered the voltage of his phrasing after press leaks blew a ministerial fuse, the historic feud has continued, with powerful effects on the strategies of both generating companies and on the prospects for the entire £12bn to £13bn flotation.

Difficulties in the contract negotiations between the generators and the distributors have now run far beyond the bickering of estranged cousins. While these disagreements – some fundamental – are being sorted out under the new Energy Secretary, Mr John Wakeham, the sale is likely to be postponed for at least six months.

Perhaps surprisingly, it was National Power, inheritor of the lion's share of the CEGB, which first moved into competitive battle earlier this year, not the smaller PowerGen, which the Government hoped would be a sort of guerrilla force against the bastions of corporatism.

PowerGen, with 26 per cent of the CEGB's power stations, was spun off with a new chairman, Robert Malpas, head-hunted from British Petroleum, and a "young and fit" management team, one in four recruited from outside.

In contrast, National Power – to be run by Lord Marshall, the CEGB's chairman, with Mr Baker, formerly the CEGB's managing director, still in his old office at Sudbury House near St Paul's – looked deceptively like the old mammoth minus a couple of limbs. This was, indeed, how many of the staff regarded their new employer, internal surveys showed. Even after the videos, old CEGB hands are dubbing the launching party for staff in the Natural History Museum, London, this evening as the "dance of the dinosaurs."

But National Power proved anything but extinct. In the late spring and early summer, at a critical stage in contract negotiations with the area boards, it unloosed a pack of aggressive salesmen to hunt down their biggest customers, offering to cut out the middleman and deal direct. It has now talked to 300 of the largest industrial companies, held six seminars and, according to Mr Baker, is pursuing a range of projects including joint ventures for the combined production of heat and electricity.

This surprised, even dismayed, PowerGen, which – according to Mr Ed Wallis, its chief executive – had been spun off with only one member of the CEGB's commercial department. (He promptly defected to the City). As National Power's commercial onslaught began, PowerGen was only just starting to hire a marketing team. It was probably also hoping that a softly, softly approach was the best way to cultivate new business from area boards which still wanted to get their own back on the CEGB's most obvious successor, National Power.

To Mr Baker's alert mind, it was quickly obvious that National Power was indeed in danger of becoming a declining species if it became tied by very tight contracts to area boards which then gave all new business to PowerGen or independent companies. The new competitive spirit he fostered was accompanied by a different way of organising and planning the business. The ability to take risks was devolved even to the level of power station managers.

In the old CEGB, Mr Baker explains, projects were evaluated in terms of optimising costs for the whole nation and long-term economic analysis. The timing of cash flows was almost ignored. But now, every project must be evaluated in terms of its profitability, cash generation and the precise mix of services and financial package which might suit particular customers: for example, an oil company seeking a market for its gas or a big industrial company wanting to make electricity as a by-product of raising steam.

PowerGen quickly followed suit, joining the battle for direct sales to the large industrial sector, some 10 per cent of total electricity demand. However, Mr Wallis seems a little ambivalent about the strategy, saying that although his company should be seen as more entrepreneurial than National Power, he would not want to follow the larger generator in "cutting the throats of its customers," the area boards.

The spectacle of Mr Baker and Mr Wallis turned corporate gladiators should have delighted ministers, except for three uncomfortable facts:

- The area boards have become terrified of losing important parts of their market and are refusing to sign contracts which oblige them to pick up the capital cost of plant, unless they are protected from the risks of over-capacity.
- Weaknesses have been exposed in the original idea for an hour-by-hour market in power based on these contracts. It is now being reassessed.
- An industry which has become a battleground for market share will be difficult to sell shares in. Bankers would much prefer a cosy long-term relationship between distributors and suppliers, so that large capital costs can be smoothly apportioned.

The Government may be forced to step into the ring to limit the extent of this commercial aggression which it had itself created. One possibility is that regulations will limit the scope of open competition to the largest 300 or so industrial customers rather than, as the original proposals suggested, to the thousands whose requirement is for 1 megawatt or more. Meanwhile, the Area Boards are fighting back by trying to set terms for the use of their wires which would deter competition, something explicitly forbidden by the new regulations, but difficult to police.

As Mr Wallis says: "Until the rules become clear, it is a phoney war." Never the less, it has become clear to all who watch the early struggles for position that an irreversible change has taken place in the industry. Many earnest engineers still regret the old sense of public service and the certainties of running a national electricity machine. But whether they mourn it or not, all agree the CEGB is dead, and natural selection reigns.

OBSERVER

Diplomatic service

■ The absence of diplomatic relations between Britain and Argentina has not, it seems, made the Buenos Aires posting quite the career backwater one might expect. Indeed, the four diplomats housed in what is now called the "British Interests Section of the Swiss Embassy" in one of Buenos Aires' nicer suburbs, have one of the service's more challenging jobs, even if the talks in New York yield little this week.

The cavernous building of 1960s prefabricated concrete and glass can house dozens of diplomats. But the four caretakers have discovered that life for a British envoy in BA is not all barbecues and whispered meetings with the (frequently hostile) Argentine press. There is also time for sporting life.

Alan Hunt, a keen tennis player, is head of the team. Roger Golland, head of chancery, only arrived in March and has yet to reveal his sporting forte. Robin Wallis is a cricketer, while the squash-playing Frank Baker runs the administration side of the outpost.

They face a difficult challenge from the multi-talented President Menem who, besides running Argentine diplomacy, plays tennis (reputedly poorly) and football, drives in cross-country rallies, flies his own jet, and squeezes in the occasional modelling photo-session.

Hunt's hope, so gossip has it, is that the talks go well not merely for the sake of improved relations, but also so that he can prove his ace services against Menem.

Power grid

■ In the warm-up to electricity privatisation, there have been suggestions that the two new owners of the nation's power stations – to be known as National Power and PowerGen – will not be the most determined of competitors.

Yesterday's grand presentation of the two companies' corporate identities – curiously enough, at a joint press conference – showed the situation to be more even complex than that.

PowerGen's new chairman, Bob Malpas, is on the board of BOC, Britain's third biggest customer for electricity. His boss at BOC, Richard Giordano, is on the board of the rival National Power. Malpas is also on the board of Eurotunnel, whose head, Alastair Morton, is another National Power director.

A central plank of the privatisation argument is that dissatisfied customers for electricity can go elsewhere. One looks forward to some lively board meetings.

Entrancing

■ As British families await the arrival of their offsprings' A level results this week, they might consider one of the more bizarre exam-related products to help them through the ordeal next time.

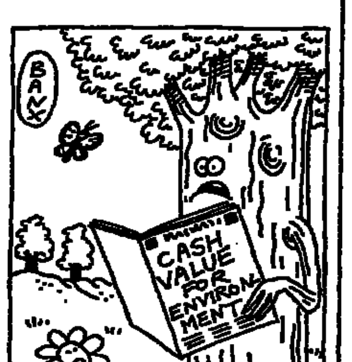
Candidates who suffer from exam nerves can in future hypnotise themselves to success with the help of a tape recording marketed by Nirvana, a little-known concern located in Aldermaston.

For £4.99 ("marginally more than three packets of king-size cigarettes"), and half-an-hour a day with the tape, anyone can enter this transcendental state. Just heed the warning issued by Neil Bodger, Nirvana's managing director: it's best not to hypnotise yourself while on the motorway or in a bath.

The tape consists of intonations from John Griffin, member of the International Association of Hypno-analysts.

"When I've taken you into this very relaxed state, I will plant suggestions into the deepest part of your mind," he intones to a background of funereal organ music. "Anytime in the future that you feel yourself become tense, uptight or anxious about anything, you can think of me, the sounds and rhythms of my voice."

Who needs a national curriculum when such help is at hand?



I think this means we'll be called infrastructure.

Befuddled

■ I displayed my ignorance in suggesting yesterday that Shearson Lehman Hutton's beverage analysts had mixed their drinks when they said whisky was made from beer. One of them, John Wakely, assures me that the basic ingredients of beer and whisky are identical: malted barley.

The starting mixture for whisky is a weak beery mixture called *wash*, and the similarities at this stage extend to the supervisor being called a brewer. It is only later, at the distilling stage, that the ways part.

"Whisky makers like to surround it with enormous mystique, but it's really not a very complex business," says Wakely. One theory is that whisky originated when beer-makers tried to give their product a bit more kick.

Bad trip

■ One person who remains unamused by the nostalgia created by the 20th anniversary of Woodstock is William Bennett, President Bush's chief official in the campaign against drug abuse.

Bennett, 45, a one-time guitar player and self-confessed fan of early rock-and-roll music, complains about "memory distortion" surrounding the 1969 rock concert in upstate New York, and recites what he called the "casualty list from Woodstock."

This includes Janis Joplin, the rock singer who died from a drug overdose the following year. Others are Jimi Hendrix (1970), Keith Moon, the drummer of the Who (1978), and Paul Butterfield of the blues band of the same name (1987).

But at least Woodstock has given Bennett some pre-publicity for Bush's $6bn anti-drug strategy which has been approved in principle and will be unveiled early next month.

Bank raid

■ A film crew turned up at Standard Chartered bank in the City and said: "We have come to shoot the chairman." According to Rodney Galpin, the man they had come to see, they were admitted with unnerving speed.

David Lascelles

BOOK REVIEW

Hard politics' faustian deal

WHOSE BROAD STRIPES AND BRIGHT STARS? The trivial pursuit of the Presidency 1988
By Jack Germond and Jules Witcover
Warner Books, $22.95

Last year, Candidate George Bush fought a shallow, negative campaign to win the US presidency. This year, President George Bush is trying, with some success, to be a bipartisan national leader.

His ambivalence is more than just the rough and tumble of politics, the compromises every candidate has to make to win. It is revealing not only about his character but also about the constraints under which he is operating as president.

Jack Germond and Jules Witcover, who have succeeded the late Theodore White as the established chroniclers of US presidential elections, argue that "when George Bush took the oath of the presidency at the Capitol on January 20 1989 and repeated his vision, first expressed in his acceptance speech in New Orleans, of a 'kinder, gentler nation,' he was, in effect, asking for the American electorate to understand that getting elected required one George Bush, and governing the country effectively required another. He was telling the voters that the campaign could be discounted as a dependable guide to what his behaviour would be in the White House."

The two authors, who disapprove, vividly recount the role and influence in the campaign of Roger Ailes and campaign manager Lee Atwater, who is now chairman of the Republican National Committee.

They persuaded an initially reluctant George Bush that if he was going to win his party's nomination and then the November election, he would have to adopt an aggressive approach.

It seemed at times that the election was about the attitude of Michael Dukakis as Governor of Massachusetts to the pledge of allegiance to the flag in schools; about a prison release programme (introduced by a Republican predecessor) under which a convicted black murderer fled and then raped a white woman (the racial theme was implicit); and about his opposition to the death penalty.

This strategy was devised early in the campaign to define Mr Dukakis as soft on national defence and crime – and to drive up his negative ratings – before he could define himself or focus on Mr Bush's weak points.

In general, the approach worked, though sometimes it backfired, as when Mr Bush visited a flag factory in New Jersey for the second time to proclaim that "flag sales are doing well and America is doing well." This brought almost universal ridicule and Atwater conceded it was "one flag factory too many."

Mr Bush was helped by having a battle-hardened team which included many veterans of the Nixon and Reagan campaigns, while Mr Dukakis was hindered by the inexperience of his advisers fighting their first contest.

Perhaps none of this mattered and, with peace and apparent prosperity, it was always likely, if never certain, that voters would prefer the continuation of the Reagan years they expected under Mr Bush. Yet not only was last year's process demeaning in terms of enabling voters to take an informed decision, but it has also affected what Mr Bush has been able to do as president. The focus on negative campaigning – aided by television's need for the snappy and the visual – meant that there was little serious discussion about how to tackle the budget and trade deficits, the problems of the inner cities, education and the environment. By contrast, the 1987 campaign in Britain was a model of open debate.

Above all, there was Mr Bush's constantly repeated refrain "read my lips, no new taxes." This pledge has imposed a straitjacket on his administration's freedom of manoeuvre in reducing the federal deficit and in fulfilling any of his "kinder, gentler nation" promises.

Negative campaigning has not been abandoned as a necessary evil to introduce and promote policies. Mr Atwater's associates have been responsible for smears against Democratic leaders. Actively encouraged by his advisers, President Bush has also sought to play the patriotism card again by championing a constitutional amendment to correct a bizarre Supreme Court decision permitting the burning of the American flag.

Some have seen a conflict between Bush's eastern establishment decency and belief in public service, and a tougher, anything-goes approach developed during his many years in Texas. Maureen Dowd of the New York Times, a shrewd observer of the president's character, has asked, "Is he George the Ripper or George the Gentle? Can he ever escape what some have called his Faustian bargain on negative campaigning and be a conciliation president?"

Political analyst William Schneider has argued that Mr Bush "offers bipartisanship in one hand and a knife in the other. But then he lets others wield the knife and acts surprised and disappointed when things get nasty. You just can't have it both ways." However, as Germond and Witcover argue, Mr Bush has so far found that you can: negative campaigning works.

Peter Riddell

David Housego visits the scene of killings by Indian soldiers in northern Sri Lanka

After the ambush, the reprisals

Western democratic governments have long known that a price to be paid in fighting guerrilla conflicts overseas is that their armed forces get drawn into acts of barbarity which domestic public opinion finds unacceptable. India, possibly the first non-aligned nation to mount a major peacekeeping operation abroad, is running into the same experience in Sri Lanka.

On Tuesday I was the first western reporter to visit Velvettiturai, a small coastal town near Jaffna, where Indian troops carried out reprisals on August 2 after the Tamil Tigers, the Tamil guerrilla movement, ambushed one of their patrols close to the main square, killing six Indian soldiers and wounding several others. After 4½ hours of walking around the town and questioning many people, it becomes clear that angered soldiers deliberately shot dead unarmed civilians, burnt a large number of houses, and brutally beat many of the boys and men they caught. The local Citizens Committee has identified 52 bodies and says that over 120 houses were burnt – making it by far the worst atrocity alleged against Indian troops in the two years they have been in Sri Lanka.

Most of the killings took place in the hours after the ambush, but the burning and ransacking continued for another two days while Velvettiturai was under curfew and surrounded by Indian troops.

What is also certain is that the official Indian explanation for the deaths – that civilians were caught in crossfire in the wake of the ambush – has no credibility. Mr. S. Selvendra, the president of the Citizens Committee and a chartered accountant, is calling for a public inquiry.

Almost a fortnight after the event, a smell of charred remains hangs over Velvettiturai. Of the 15,000 people perhaps half have left in fear or despair. Many who remain are distraught over the loss of relatives or belongings, and uncertain how to begin again or where. What seems to have happened on August 2 is that two patrols of Indian Peacekeeping Force (IPKF) troops – about 30 men in all – approached the centre of the town on foot in parallel columns at about 11.15 in the morning. This was market time, when the streets were most crowded. They were ambushed by firing from the roof and the street. Six soldiers were killed and 13 injured, including an officer. Even by Tiger standards of brutality, these were heavy casualties to inflict at a time when peace negotiations are underway.

What follows are abbreviated eyewitness accounts of four particular incidents that occured after the ambush.

● Mr N. Senthibadibel, 50, was in his photographer's shop overlooking the square when the firing began. He threw himself to the ground. Later he was taken out and made to sit crosslegged with about 25 people on the square. From there he saw soldiers set fire to some of the shops and throw kerosene to add to the flames.

At about 2pm a soldier came along and said in broken English that he was going to shoot them. Two jeeps arrived and firing began. The soldier then turned round to those seated and fired on them. Two people, Mrs K. Sivapackiyam, a washerwoman, and Mr K. Tahangaraja were killed and 10 more injured.

● Mrs S. Rajeswary, 52, is the wife of the head of the divisional land survey office. After the firing about 50 people sought shelter in her house – well over 200 yards from the square – because it has a concrete roof and thus offers protection against shelling.

About 1.30pm, four soldiers broke into the house. She came out of the kitchen into the hall with her husband; they were holding their hands up. She pleaded with her husband not to step forward but he advanced to speak to the soldiers. They shot him. They then called for the other men and shot four of them.

After that they sprayed bullets killing four more people and injuring nine. Apart from her husband, Mrs Rajeswary also lost her eldest son, 28, who was trapped in his shop which had been set on fire.

● Mr A.R.Sibaguru, 68, a retired postmaster. With some 70 other people he took shelter in the house of Mr Sivaganesh which also has a concrete roof. About 4pm, some six soldiers climbed over the back wall of the house and entered the courtyard. Women fell at their feet crying and pleading with them not to shoot but were kicked aside. A sergeant then separated off the young men – ages ranging from 18-35 – and told them to sit in front of the cowshed next to the house. The soldiers then fired on them, killing four. When one woman screamed at her husband's death she was told to be silent otherwise she would be killed.

● Mr Nadarajah Anantharaj, principal of a local school and secretary of the Citizen's Committee, still bears the mark on his face of wounds he received. This account of his treatment at the Udupiddy IPKF camp nearby is taken from his sworn affidavit. "There (at the camp) I saw many people who came along with me bleeding and crying. Four Sikh soldiers then started beating me with heavy wooden rods and with their fists.

"One soldier dashed my head against the wall. One soldier pressed a wooden rod on my throat and was standing on the rod which was preventing my breathing. At that time I heard a voice shouting "Kill him, kill him." I was almost losing consciousness when I managed to push the rod on my throat away, toppling the person who was standing on it . . .

"The next day, the Commanding Officer of Vadamaradchi (region), Brigadier Shankar Prasad, the deputy Commander, Col Aujla, and the Udupiddy Commanding Officer, Colonel Sharma, met me and expressed their apologies . . . The Brigadier told me I had been ill-treated by mistake . . ."

Several questions remain. Why did the Tigers launch such an ambush? The Indians believe it was a deliberate provocation by the Tigers, intended to trigger off an overwhelming Indian response. The Tigers were thus hoping to undermine during the current negotiations the IPKF's image as a force able to provide security for the Tamils.

It is unclear exactly how much support the Tigers have got in Velvettiturai, which is one of their strongholds and the birthplace of many of their leaders, or how many of their men were killed in the action.

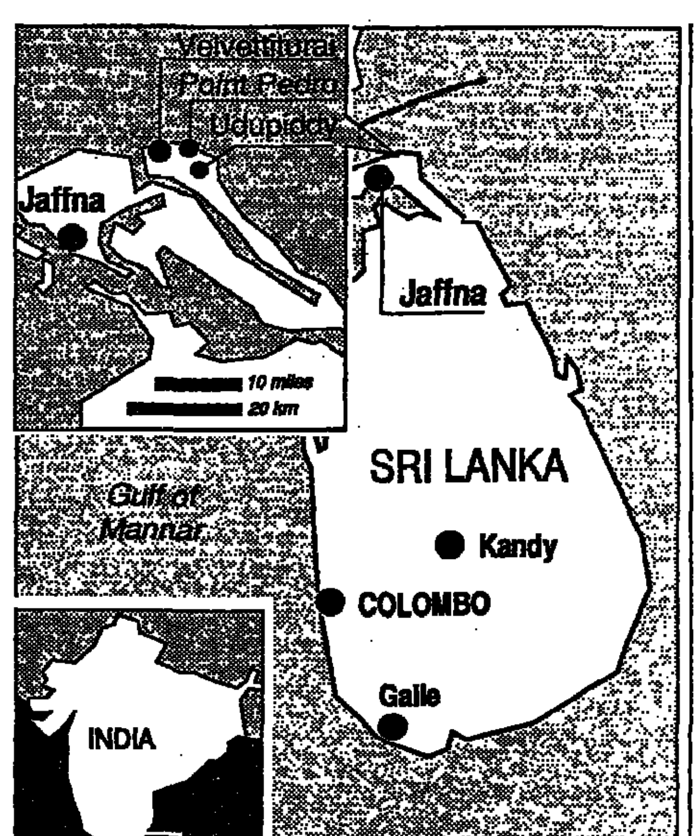
Why did the Indians respond so brutally? Part of the answer is that their troops have been under great strain in the Vadamaradchi region, with isolated patrols coming under attack and the Tigers firing rockets into the IPKF camp. This has left officers and men with nerves on edge.

Velvettiturai itself had been free of incidents – the result of an unexplained understanding between the IPKF and the Tigers. But some Indian officers believe that the Tigers have abused this understanding by encouraging their cadres to seek shelter in the town. Thus when the Tigers broke what was seen as their side of the bargain, the Indians took their revenge. The wounding of an Indian major also provoked anger.

Were the killings and the brutality the result of soldiers running amok or did they have the approval of their officers? With substantial reinforcements brought into Velvettiturai in the wake of the ambush, officers were certainly present in the town during the shootings and the burning of homes. Some inhabitants believe that senior officers gave their tacit approval to the reprisals, if not more.

One of my informants claimed that he had heard a senior officer say in anger not long before "I will burn Point Pedro" (a neighbouring town where there has also been trouble). "I will kill everybody." These may have been ill-chosen words of intimidation, not meant literally. But other Jaffna residents believe that the IPKF sees fear as an important weapon in the control of terror.

The IPKF now hopes that the incident will be forgotten as quickly as possible. Its officers are against a public inquiry because they do not believe they would get a fair hearing. They say, with justification, that no Tamils would dare support the Indian army in public while the Tigers will intimidate witnesses in their favour. But it is difficult to see how, without some judicial inquiry, the record can be set straight.



UK competition law

A white paper with too many holes

By A.H. Hermann

The legislation outlined by the Government in last month's white paper Opening Markets: New Policy on Restrictive Practices is likely to bring a radical change in the enforcement of competition rules in the UK. Many companies will have to revise their way of trading or risk heavy fines and private actions for damages.

The legislation would provide for "civil penalties" of up to 10 per cent of the total turnover of the business or £250,000 if higher. Directors and managers responsible for negotiating or implementing a prohibited agreement will be liable to penalties of up to £100,000.

The new legislation is designed to replace the cozy Restrictive Practices and Resale Price Acts of 1976 by a domesticated version of that half of Community competition law which is derived from Article 85 of the EEC Treaty. The white paper therefore deals only with cartels and other restrictive agreements and not with abuses of market power, prohibited by Article 86, where the UK rules remain unchanged.

The transplanted EC cartel law will be improved in some respects and worsened in others. It will certainly be enforced with greater respect for due process but not freed from its contradictions and uncertainties.

In line with the recent decision of the European Court in *Wood Pulp* it is also proposed to reverse the UK's historical insistence on the territorial limits of jurisdiction and explicitly adopt the "effects doctrine" (the view that a country has jurisdiction over acts of foreign parties made abroad which have effects in the country concerned). So far this has been used mainly by the US courts in the pursuit of long-arm tactics against foreign companies.

The legislation will have wide scope, applying also to services and professions, though the much advertised impact on the legal profession is likely to be limited. As in the EC system, statutes and regulations as well as international treaties will provide special immunities, so that anti-competitive practices could continue in steel, coal, transport and agriculture.

The proposed legislation would accomplish the long overdue switch from a legalistic system to one where the behaviour of enterprises is judged according to its economic effects. There will be a broad prohibition, not only of formal agreements (as in present UK law) but also of concerted practices which have the object or effect of restricting or distorting competition. The UK's Director General of Fair Trading will be given wide powers of investigation, equal to those of the EC Commission. But – unlike the current EC system – his investigations would be quite separate from the subsequent adjudication. This would be in the hands of independent decision-making units composed for each case of three members of the enlarged Monopolies and Mergers Commission.

These "troikas" could impose fines up to £1m. Higher fines could be imposed by the High Court, which would also deal with appeals. Private actions for damages – the main instrument of enforcement in the US – would be given an important role.

These substantial improvements of the EC model are offset by a number of controversial features. Of these, the most serious seems to be the exclusion of price fixing agreements from the exemption of agreements between parties with a combined turnover of less than £5m (or £30m for each party in case of a vertical agreement).

An important improvement on the EC system seems to be that only the offending parts of prohibited agreements would be null and void, and not the entire agreements as in EC law. It is, however, regrettable that the Government feels obliged to adopt one of the greatest drawbacks of the Brussels system, namely that application for clearance or exemption does not provide the suspect agreement with provisional validity.

On the contrary, over-ruling protests, the Government goes the other way, proposing that such an application should not even bring about an immunity from fines (something that the EC system provides). Furthermore, exemptions need not always be backdated to the date of application (for example, when an exemption is dependent on changes to the agreement) so a successful applicant may still suffer penalties for the period before the exemption is granted.

Such harshness can be explained only by the desire to deter as many people as possible from making agreements which would require clearance or exemption. This would certainly make life easier for the authorities, but is bound to result in considerable commercial uncertainty. It adds to the harm caused by the Government's reluctance to ease the making of vertical, mainly distributive agreements. These, though restrictive, are often pro-competitive.

The combined effect of such severity may well be that agreements which could open new markets – the encouragement of which is a declared objective of the legislation – will never be made for fear of the penalties, bother and legal costs involved.

All this will be offset, it might be argued, by the more equal conditions of trade to be achieved through a greater uniformity of competition laws in the Community. However, such uniformity will be on paper only as long as respect for law differs from country to country. In any case, harmonisation of competition laws in Europe alone does not meet the most pressing problem, which is the need for harmonisation between Europe, the US and Japan. The urgency of this task is all the greater in view of the growing international ambitions of US courts and regulators, a problem not even mentioned in the white paper but well illustrated by the difficulties which British-based mergers have encountered in US courts.

The author is D.J. Freeman & Co Senior Research Fellow in International Trade Law at Queen Mary College, University of London.

LETTERS

Not so 'perfectly simple'

From Sir Charles Villiers.

Sir, I was sad to read Hugo Dixon's interview with Lord Weinstock (August 14), whom I have enormously admired (and, perhaps, assisted, in the English Electric merger, as managing director of the old Industrial Reorganisation Corporation in 1977).

Lord Weinstock says: "The object of our policy is to increase our earnings. It is perfectly simple."

That is not the object of our Japanese competitors in this or other fields. Their object is to increase market share, supported by the Japanese banks and, at times, MITI (the Japanese Ministry of International Trade and Industry).

That is a very different objective – and it has contributed to the astonishing rise of Japanese industry and of Japanese banks, which occupy nine of the slots in the 10 biggest banks in the world.

"The old order changeth," as ever, and we must change with it. Cultural changes are the hardest, but the most necessary.

Your paper, Sir, as the leading business journal in the world, has foreshadowed this, and I trust you will continue to illustrate and press this fundamental alteration in the business attitudes, habits, beliefs and expectations of the west, which Japan and its diaspora have so successfully established.

Charles Villiers,
*Blackness House,
Sunninghill, Berkshire.*

Small businesses are no small matter

From Mr Harry Kleeman.

Sir, As the owner-manager of a small business, and a committed member of the Confederation of British Industry (CBI) – I am chairman of the Smaller Firms Council – I must correct Mr Syme's view that the CBI is a pressure group which "does not help smaller companies" (Management page, August 14).

Most CBI members are smaller businesses, and all have access to the CBI's considerable reserve of expertise on issues ranging from relocation to payment of VAT. As a national lobby, the CBI's Smaller Firms Council is a recognised voice for small business concerns. The 13 regional offices offer advice at local level, and organise events with particular relevance to the smaller members.

I have belonged to many business organisations, and am impressed with the way the CBI exerts enormous influence at national level, while always making time to deal in a personal manner with problems of small business members.

Harry Kleeman,
179 West End Lane, NW6

From Mr Tasos Bisopoulos.

Sir, Hilary Barnes' report (August 8) on the EC Commission's intervention on a big Danish bridge project is correct to state that a European Court decision on this event will have important implications for the Community.

May I suggest that in the public procurement area, a lot more is needed, especially for the small and medium enterprises?

Small businesses have a good chance of winning government contracts for two reasons: they function in a market which is vigorously competitive; and contract awards are not confined to those who have access to the decision-making process.

The pattern of competition for public contracts can be identified according to three practices in the tender offers: cost minimisation; strong cultural relationships between the commercial firm and the procuring authority; and power bargaining at the top level of government.

The EC Commission would intervene in the last of these practices; although nobody expects that it would intervene for the award of the smaller contracts.

Nevertheless, given the recent increase in the threshold level for publication in the Official Journal of the EC, information available to smaller businesses has been reduced, and therefore competition is confined to a few large corporations or consortiums.

Would it be far-fetched to conclude that this – the unintentional ignoring of the needs of small businesses – is undermining the whole philosophy of the European single market?

Tasos Bisopoulos,
38 Doughty Street, WC1

Potential employers could communicate better

From Mr Howard Law.

Sir, Your articles about graduate employment make interesting reading (I am a recent graduate – June 1989 – as yet unemployed).

But most of them, highlighting the mismatch in the demand for and the supply of graduates, generalise the problem simply as "too many vacancies, too few jobs." The shortage of graduates in the UK is for graduates with a job-specific discipline such as civil engineering or computer programming.

With regard to vacancies *requiring graduates of "any discipline"* I have yet to find a shortage of graduate applicants. Telephoning a potential employer, inquiring about a vacancy in the purchasing department, I was warned that over 800 people had applied for four jobs; that because of this they were not accepting applications details over the phone, and that they were now only accepting applications from graduates with a good second class degree and above. No graduate shortage there.

What is apparent is the mismatch between the numbers of graduates with relevant degree disciplines and the numbers of vacancies requiring those graduates who are correctly qualified.

The solution must be to improve the level of communication between industry and potential graduates. This means companies giving more help to A-level (advanced school leaving certificate examinations) candidates, in terms of information and, possibly, degree-course sponsorship, so that they can improve their chances of choosing the right career and becoming successfully employed.

Meanwhile companies gain through catching talent early on, making graduate recruitment a simpler affair, and maybe reducing the mismatch between the number of right graduates for the right jobs.

Howard Law,
*Hartfield, 5 The Elms,
Leek Wootton,
Warwick*

Public purse can benefit the private pocket

From Mr Arnold J. Harper.

Sir, Your editorial "Paying for Canaryloo" (August 10) was right to point out some of the gaps and inconsistencies in UK Government policy toward the funding of infrastructure development.

However, it is inspiring to see the Government beginning to acknowledge that the public purse benefits the private pocket every time it spends money on improving transport systems.

Perhaps with a bit more prodding from such authoritative commentators as yourself the Government will also move to agree with you that "general taxation is often the least unfair way of financing (infrastructure) investment."

A "general tax" upon the rental value of all land as determined by market forces (under given, publicly-granted, planning permissions) is a wholly appropriate and fair way for the community to garner to itself the windfall profits which accrue upon the spending of tax money on the infrastructure.

Such rent has a lifetime at least as long as the improvement itself, and it is paid very naturally both by those people whose benefit is the use of the development, and by those who benefit indirectly simply by being near to it.

Arnold J. Harper,
*31 Russell Road,
Wimbledon, SW19*

Waste disposal

From Mr M.W. Geering.

Sir, In Vanessa Houlder's article on waste disposal companies (August 12) a number of quotes were attributed to Tim Steer, one of the specialist Smaller Companies analysts at James Capel.

One of these related to Caird Group, and may have been interpreted as a criticism of that company's current operating practices. James Capel is aware that the Caird Group was one of the first in the sector to establish an internal environmental audit group. No such criticism was intended, and James Capel regrets any misunderstanding which may have arisen from this quote.

M.W. Geering,
*James Capel,
6 Bevis Marks EC3*

FINANCIAL TIMES
Thursday August 17 1989

UK and Argentina meet to discuss Falklands agenda

By Anatole Kaletsky in New York

THE UK and Argentina held their first formal talks on the Falklands issue since 1985 in *New York yesterday*, raising cautious hopes of a rapprochement.

The two have not had diplomatic relations since the 1982 conflict, but have been edging towards a meeting since the election of Mr Carlos Menem as President of Argentina in July. Mr Menem introduced a more pragmatic strategy towards Britain than had been expected during his sometimes fierce campaign rhetoric – apparently motivated by concern for Argentina's ailing economy.

Britain was represented at the meeting by *Sir Crispin Tickell*, its UN representative, and Argentina by Mr Lucio Garcia del Solar, a special envoy and former Ambassador to Washington.

Diplomats on both sides tried to avoid giving rise to high expectations of the meeting, and stressed that yesterday's talks had only the limited objective of establishing the ground rules for possible substantive talks later in the year.

The UK mission to the UN said that the meeting, which was expected to be resumed on Thursday, was being held "without prejudice to the sovereignty positions of either side regarding the Falkland Islands, South Georgia and the South Sandwich Islands." The purpose of the talks was to "seek to establish the conditions and agenda for direct talks between the UK and Argentina."

Despite the low-key official interpretation, however, the meeting raised hopes of a thaw between the two countries. The main reason for optimism was Argentina's willingness to put aside the issue of sovereignty, at least at this preliminary stage.

The limited agenda set for the New York meetings was also seen as encouraging. The fact that the talks were being conducted not by politicians but by two senior professional diplomats was also seen as contributing to the chances of success.

The last round of British-Argentine contacts foundered in 1985 in Berne when Argentina insisted that any talks should include the issue of sovereignty while the UK said the topic was not open for discussion.

At this stage, Mr Menem has said Argentina would keep the issue of sovereignty "under an umbrella," a phrase which has yet to be defined with any precision.

The preparation for the meeting has been done through several intermediaries, including Brazil and Switzerland – which act as protecting powers for Argentina and the UK respectively – and the US.

David Goodhart on arguments for and against environmentalism

The 'big lie' in ecology politics

MR JOSCHKA FISCHER, the unkempt figurehead of the pragmatic wing of West Germany's Green Party, says in a book just published that the "big lie" in environmental politics is the belief that enormous progress, especially in Germany, has been made in solving environmental problems.

Instead, says Mr Fischer, progress has been made only in raising consciousness about the problem and that beneath the propaganda of industry and the environment lies a mountain of inertia.

But more eye-catching, and persuasive, is the way Mr Fischer undermines the increasingly familiar argument that Greens are merely re-cycled utopian socialists.

His book, *Der Umbau der Industriegesellschaft* (The Reconstruction of Industrial Society), is a plan for the greening of capitalism.

In the book he argues that in the battle between socialism and capitalism the latter has clearly won, *but if it is not to be a Pyrrhic victory*, he says that capitalism must now become responsible for the future of the earth.

The ideas he has adopted for using the instruments of the market, in addition to the state, for cleaning up capitalism, now command wide political support in Germany – in outline if not in detail – and would form the basis of any economic programme of a Red-Green government in Bonn.

They start from the assumption that scarce environmental goods – air, water, earth – must have a price, like labour and capital, although how the price will be set he does not explain.

Other ideas include the restructuring of taxes and duties to ensure that the "polluter pays" and that energy saving is encouraged.

He also proposes the building of environmental costs into company accounts.

But perhaps more controversial is Mr Fischer's view that in the long-run industry itself is in fact the best friend of the ecological movement.

He wants to associate good ecological behaviour with profits and efficiency, not with job losses, and – benefitting from Germany's lead in some sectors – build an even bigger environmental goods sector. The sector already employs about 500,000 people in Germany.

Fischer: pragmatic

Pragmatic Greens – or "radical eco-pragmatists" as Fischer calls them – now talk about progressive and backward companies (the latter being mainly in chemicals and energy) and about a new progressive alliance cutting across class lines.

Mr Fischer also wants a far stronger environment ministry to take over powers from other ministries in energy, transport, and health; to receive a far higher annual budget, currently Dm530m ($283m); and to enjoy the political independence of the Bundesbank.

He also suggests publication of monthly pollution statistics along with economic and employment figures.

On the allegedly "do-nothing" current administration Mr Fischer is less convincing. His often-repeated list of environmental horrors leans heavily on accidents such as the nuclear power station disaster at Chernobyl in the Soviet Union and the pollution of the Rhine by the chemicals company Sandoz.

And he repeats the assertion that Dm100bn of environmental damage is caused each year in Germany while only Dm30bn is spent on control and protection. He does not explain how these figures are calculated.

He aims to shake German complacency by pointing out that if environmental protection appears to be taken more seriously than in many other European countries it is only because German industry creates so much more pollution, and he says that in banning dangerous products and controlling car emissions the US has achieved more.

Green hindrance to scientific progress

PROFESSOR Helmut Sihler, chief executive of Henkel, maker of "phosphate-free" Persil washing powder in West Germany and president of the Chemical Industry Association, is exasperated at what he sees as the over-emotional debate about the environment in Germany.

He believes environmentalists fail to appreciate how far industry has progressed in cleaning itself up over the last decade and they refuse to accept the existence of difficult trade-offs or the need for priorities for the future.

"It was our great achievement to immunise ourselves from the bio-sphere in the 19th and 20th century. Now instead of being a danger to us it has become a concern; the great change of consciousness in the chemical industry in the past 15 years reflects this and we now realise our research and production methods must co-exist with the bio-sphere," says the Austrian-born doctor of philosophy, now one of the most forthright spokesmen for West German industry.

He reels off some contested data: in the past 25 years production has increased 200 per cent in the West German chemical industry but air pollution has fallen 70 per cent and water pollution 90 per cent; some DM1bn ($515m) is invested by the chemical industry in environmental protection every year, which at 10 per cent of total investment is proportionately more than any other large economy; also, after the Sandoz chemical disaster in Switzerland there has been a wave of investment to make sure there could be no repeat in West Germany.

The combination of government regulation and corporate self-regulation has worked: "Look at the Rhine now compared with 30 years ago," says Prof Sihler. Two areas of genuine concern remain: chemical waste and products such as phosphates and CFCs. The waste problem, he says, provides a classic illustration of "eco-hypocrisy."

"In the recent Hanover agreement industry accepted a three-point plan – to avoid waste, to recycle as much as possible, and to burn before dumping. But now because of opposition from people like the Greens we can't get permits to build the 10 to 15 high-temperature furnaces we need."

Unable any longer to observe the no-politics rule of his association, he says: "Many Greens are old Marxists who found that the critique of capitalist self-destruction had failed; then along came ecologism which preached a new version of the same idea. Initially perhaps the Greens did help raise our consciousness but now they are a hindrance to progress."

Sihler: exasperated

In 10 years the chemical factory itself would present no environmental problem: trouble would come only from products. But Prof Sihler, with the former philologist's contempt for woolly thinking, swipes at the idea that "what is good for the bio-sphere is necessarily good for us."

For humans, CFCs in fridges was a vast improvement on ammonia, he says, and if we reject DDT how many more cases of malaria are we prepared to accept?

"People like the Greens are destroying trust in science and if trust is destroyed then fear will block all progress."

Research into gene technology is, he says, a case in point. There are enormous benefits from this work and we have to trust the researchers to be responsible. If we do not trust them in Germany they will in any case go and do it in other countries."

Social Democrat proposals to increase energy taxes treated Germany like an island. "We need a common energy policy for Europe. It is almost as important as a common monetary system."

Above all, he concludes, it is more important to raise environmental standards in Europe to the West German level than to push Germany even further ahead.

Apartheid opponents to meet on talks

By Patti Waldmeir in Johannesburg

SOUTH African anti-apartheid groups have called a national conference to discuss holding negotiations with Pretoria over ending apartheid.

The conference call comes in the midst of continuing criticism in South Africa of Mr F. W. de Klerk's plans to meet President Kenneth Kaunda of Zambia for talks which Mr Kaunda hopes will bring such negotiations closer.

News of the meeting, set for October 7, came at a press briefing attended by an exceptionally broad range of anti-apartheid leaders including such figures as Archbishop Desmond Tutu and Rev Beyers Naude, union leaders Cyril Ramaphosa of the National Union of Mineworkers and Chris Dhlamini of Cosatu, the largest union federation.

Mrs Albertina Sisulu, wife of jailed African National Congress leader Mr Walter Sisulu, also attended as did prominent figures identified with the black consciousness movement. Representatives of groups allied to the so-called Mass Democratic Movement, such as the unions, do not normally appear alongside black consciousness figures.

The organisers of the conference said they feared it might be banned by the South African authorities. A similar conference last year was stopped by Pretoria.

The African National Congress, Pretoria's main external opponent, said last month it was urgent to determine a united position on negotiation among anti-apartheid groups and said it would elicit views among internal organisations on the question. The ANC is to present its own position on negotiation to an Organisation of African Unity meeting in Harare, Zimbabwe.

Debate on the issue of negotiation, within both the South African Government and the anti-apartheid organisations, has increased markedly in recent months. However, political analysts believe that preconditions for talks imposed by both sides are still far from being met.

The ANC issued a call on Tuesday for intensified armed struggle against Pretoria, while the furore caused by Mr de Klerk's planned visit to Zambia indicates the depth of divisions on the issue among South African whites.

Mr Andries Treurnicht, leader of the extreme-right Conservative Party, criticised the prospective meeting, saying Mr Kaunda was a "mouthpiece" for the ANC which he said was not part of South Africa's "political dispensation."

● A political activist recently released from detention after a hunger strike, Mr Eric Gumede, was killed by unknown gunmen outside his home on Tuesday. It is the latest in a series of murders of anti-apartheid activists.

THE LEX COLUMN

The start of the power struggle

The assumption about electricity privatisation has always been that the CEGB, when split into two power generation companies, would operate as a cosy duopoly. After yesterday's joint press conference, the suspicion is rather that they might compete too vigorously for their shareholders' good. Granted, the natural tendency for producers of an undifferentiated commodity is to collude against the customer; but the more unstable the market, the harder it is to hold the line.

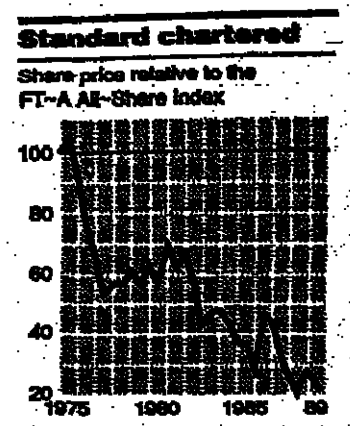
The two chief imponderables look like being raw materials and competing supply. Both National Power and PowerGen are now taking a detectably softer line towards the use of cheap foreign coal, doubtless in deference to the Government's wish to preserve British Coal as a saleable asset. As to supply, both companies face the possibility that big industrial customers could end up as competitors instead; while the area boards – who will also have partial freedom to set up as producers – are obviously proving awkward over the fixing of new contracts.

But from the investor's viewpoint, none of this need be a bad thing. Both British Telecom and British Gas were floated without due thought for competition and both have been dogged by official intervention ever since. Speculation is meanwhile arising on which company the Government will float first, and which will fetch the higher multiple. Unless the larger and more established National Power does a particularly good deal in guaranteeing shareholders from liability for its nuclear programme, it could well sell at a discount; and if the complacency of its forthcoming advertising is a guide, it may prove the less hungry of the two.

Queens Moat

The institutions accepted Queens Moats' third rights issue in two years with alacrity, and not merely because of the depth of the 19 per cent discount at which it was priced. A more flattering reason why yesterday's £141m call caused no unrest was the good use to which the hotel group has put the proceeds of the previous two, to fund its growth in Europe and the UK. That its share price performance since 1984 has outshone other hoteliers' is no surprise, given its 29.9 per cent compound annual growth in earnings per share.

One might have thought hotels would be struggling a little, but Queens Moat is achieving a record 88 per cent occupancy rate in its provincial businessmen's hotels in Britain, and similar figures in its Continental chains, while tariffs have risen too. Only two greyish clouds loom on the horizon: the high prices of UK hotels, such as the £110,000 per room Queen's Moat paid for Nottingham's Savoy, and the relative scarcity of medium-sized European chains available for purchase. That said, Queens Moat expects to have £75m of the rights issue cash left next January when the burden of high interest rates may have created opportunities to buy some of the hotel world's weaker brethren.



Standard Chartered

It is hard not to conclude that one of the main reasons why all the major UK banks ended up increasing their Third World debt provisions to about half their exposure was because that was all that Standard Chartered could afford. Presumably, the Bank of England did not want the big boys showing up the weakest member of the community. Even so, Standard's risk asset ratio of 8.1 per cent is a bare minimum, especially since its unprovided exposure is still equivalent to 90 per cent of shareholders' funds, not including South Africa. Admittedly, the ratios will look better once the group has sold its various luxury office blocks, but the urgent need to bolster its capital ratios makes it look increasingly like a forced seller.

Capital ratios apart, there are signs that the business is on the mend. True, there were some black spots in Europe and Australia and the £26m provision for its unwanted US real estate loans is embarrassing. But a 15 per cent rise in first half underlying profits underscores the sort of improvement which can be generated when banks really start attacking costs. However, the scope for further substantial gains in this area must be limited. The long-term question is whether Standard can trade its way out of its problems or whether it will eventually be snapped up by a predator.

The reassessment of group strategy has hardly been worth the wait. It has concluded what everyone knows, that Standard should go back to where it was 10 years ago, emphasising the Far East and Africa and businesses like trade finance. It would have been far more convincing if it had included a link with a strong European bank. An eventual takeover by someone like Lloyds or the Royal Bank of Scotland still makes most sense, but in the interim a prospective yield of 8.8 per cent should provide some comfort for disenchanted investors.

WH Smith

WH Smith's 31 per cent increase in High Street profits shows how foolish it is to lump all retailers together. Figures for spending may be static, but the young are buying Simply Red compact discs as if they had never heard of base rates; and pencil sharpeners and magazines seem to be selling briskly too. Not only is WH Smith managing real volume growth – something that most retailers have given up dreaming of – it is also getting the benefits of investment in technology. As both volumes and margins should rise further still, WH Smith might seem under-rated at the sector's depressed average.

The problem is that the company cannot kick its banana skin habit. It may not have slipped in the UK High Street, but in nearly every other area profits are flattish or down. It is losing money in travel, losing senior staff at Our Price and failing to make any decent return in the US. And these are small problems compared to Do It All, where it is most difficult to share the management's confidence that profits will rise this year. In fairness, the flat profits from distribution were something of an achievement and next to Sky and BSB Smith looks clever to be losing only £2.2m in TV. However, that is not the stuff re-ratings are made of.

MFI completes £35m refinance package

By Norma Cohen and Maggie Urry in London

MFI, the UK furniture retailer, and its bankers have completed a £35m ($55m) refinancing package just in time to meet a £10m interest payment which was due yesterday.

Bankers said that MFI – which in November 1987 was the subject of Britain's largest management buy-out, worth £718m – had obtained good terms from shareholders and lenders anxious to protect their original, and much larger, investment in the group.

The company ran into difficulties this year because high interest rates and a slowdown in the housing market hit furniture sales. Mr Derek Hunt, chairman, said difficult trading conditions, worsened by the hot weather which had deterred shoppers, "inevitably had an adverse effect on our financial position. The refinancing is intended to put MFI back on course."

Mr David Brock, MFI marketing director, said the company, which has cut costs by reducing staff and holding back capital expenditure, had introduced new ranges of more up-market furniture to widen the group's appeal.

The company had turned in below-target operating profits of £91.8m for the year ended April 1989, against a planned £100m. For the year year to April 1990, profits are now expected to be under £80m, against the £125m envisaged in the original buy-out plan.

A separate company, furniture and carpet retailer Lowndes Queensway, formed through a £450m leveraged takeover last year, is also close to fixing a refinancing. It is expected to strike a similar deal to that of MFI, who are advised by County NatWest.

The MFI refinancing package, arranged by Charterhouse Development Capital with Chemical Bank as the lead bank, includes:

● a £35m rights issue, which will significantly dilute the equity holdings of any shareholders who do not take it up;

● bridging finance of up to £35m until the rights money is available on September 11 – giving MFI money to pay the interest due immediately;

● a deferral of £60m out of £185m of debt repayments which were due between April 1990 and April 1993.

The margin on the loans are a relatively low 1¾ per cent over Libor (London interbank offered rate).

Manila agrees to debt plan

Continued from Page 1

tionships in the country."

The plan states that all funds to be used for loan buy-backs should come from official sources – specifically, the International Monetary Fund, the World Bank and the Japanese Government. Philippine government representatives will meet these agencies during the next week to secure approval of the plan.

According to the formula contained in the Brady Plan, the IMF and the World Bank can each make about $420m available to the Philippines for debt reduction over the next three years, with a similar amount contributed by Japan.

However, some of those funds are intended to be used for interest rate reductions rather than debt buy-backs so the IMF would have to agree to be flexible on the use of its funds.

WORLD WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	30	86	Dubrovnik	S	32	90	Malta	S	31	88	Rhodes	S	31	88
Algiers	S	33	91	Edinburgh	C	18	64	Manchester	C	16	61	Rio de J'o		—	—
Amsterdam	C	24	75	Faro	S	26	79	Manila	C	33	91	Rome	F	35	95
Athens	F	34	93	Florence	S	33	91	Melbourne	S	11	52	Salzburg	S	30	86
Bahrain	F	39	102	Frankfurt	C	31	88	Mexico City	C	23	73	San Francisco	F	23	73
Bangkok	C	31	88	Funchal	S	25	77	Miami	R	32	90	Seoul	F	30	86
Barcelona	F	29	84	Geneva	C	31	88	Milan	S	30	86	Singapore	C	31	88
Beirut	-	—	—	Gibraltar	S	31	88	Montreal	C	30	86	Stockholm	C	20	68
Belfast	C	12	54	Glasgow	F	18	64	Moscow	F	25	77	Strasbourg	S	32	90
Belgrade	F	35	95	Guernsey	F	19	66	Munich	S	31	88	Sydney	F	17	63
Berlin	F	34	93	Helsinki	S	23	73	Nairobi	C	21	70	Taipei	C	32	90
Biarritz	R	23	73	H. Kong	F	33	91	Naples	S	37	99	Tangier	S	26	79
Bombay	F	29	84	Innsbruck	S	31	88	Nassau	R	33	91	Tel Aviv	F	33	91
Bordeaux	F	25	77	Inverness	R	15	59	New Delhi	C	36	96	Tenerife	S	29	84
Brussels	F	26	79	Islamabad	C	26	79	New York	C	28	82	Tokyo	C	31	88
Budapest	F	33	92	Istanbul	F	30	86	Nice	S	29	84	Toronto	C	24	75
B. Aires	F	23	73	Jakarta	C	33	91	Nicosia	F	36	97	Tunis	S	34	93
Cairo	F	34	93	Jersey	C	19	66	Oporto	S	22	72	Valencia	F	31	88
Cape Town	F	14	57	Jo'burg	F	25	77	Oslo	C	16	61	Venice	S	30	86
Caracas	C	27	81	Lima	C	18	64	Paris	C	18	64	Vienna	S	31	88
Casablanca	S	25	77	Lisbon	F	28	82	Peking	C	27	81	Warsaw	S	33	91
Chicago	F	24	75	London	C	23	73	Prague	S	31	88	Washington	S	24	75
Cologne	S	30	86	Los Angeles	F	28	82	Reykjavik	C	08	46	Zurich	S	29	84
Copenhagen	C	26	79	Luxembourg	R	21	70								
Corfu	S	34	93	Madrid	F	32	90								
Dallas	-	—	—	Majorca	S	32	90								
Dublin	R	17	63	Malaga	S	24	75								

Readings at mid-day yesterday

C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

UN ceasefire call fails

Continued from Page 1

ding and cooking utensils into a battered vehicles in front of the abandoned apartment block in which they had been squatting. Now they were preparing to return to southern Lebanon – the region they had originally fled in order to escape Israeli occupation.

They left behind them a Beirut of deserted streets, disfigured by charred buildings, broken glass and fresh shell craters. Ninety per cent of the 1.5m residents are estimated to have fled the city.

Syria's aim, following an unsuccessful assault in collaboration with its Druze and other militia allies on a strategic ridge south of Beirut last Sunday, appears to be to tighten its grip around the enclave with a view to sapping Christian morale.

Despite periodic probing of the enclave's defences, many observers acquainted with Syrian thinking believe that Damascus would order a full-scale ground attack only with considerable reluctance in view of the casualties its army might incur and the difficulty it might encounter in holding on to the territory.

FINANCIAL TIMES
COMPANIES & MARKETS
Thursday August 17 1989

INSIDE

Hotels group asks for more cash

Queens Moat Houses, the UK hotels group which operates 143 hotels in five countries, yesterday built up its vigorous expansion programme with another rights issue, its second cash call in less than a year. The company believes it is unlikely to have trouble selling the shares, as shareholders who took up the first issue now enjoy a 72 per cent profit. Page 25

Miners move from down under

Australian mining companies, not satisfied with tapping the vast resources of their own continent, are stepping up their presence abroad — and not just in South East Asia and North America, but further afield, even in Africa. The number of Australian companies, both large and small, with exploration and mining interests there is increasing, and the range of minerals targeted is wide. Page 28

Vienna waltz quickens

Werner Schmid (left), a successful 39-year-old share trader with the private Gutmann bank in Austria, has seen dramatic changes at the Vienna bourse in the past year or so. Where once there was a handful of familiar faces on the trading floor and the hardest problem was killing time, the exchange is now computerised and, as international interest grows, the young traders filling the floor are eager for a slice of the action. Page 38

Belgian steel on the up

This week's announcement that Belgium's Cockerill Sambre is seeking BFr7bn of fresh capital from stock market investors is a vivid reminder of the good times currently being enjoyed by Europe's steel companies. However, potential investors have to decide how much of the recent recovery can be attributed to changes ushered in by the group's chairman, Frenchman Mr Jean Gandois, and how much to the sector's buoyancy. Page 18

'A grab for the grey vote'

The number of old people in Australia is rising rapidly, and the country's 80-year-old pension system is creaking under the strain of trying to provide for them all. So the Government is trying, through a combination of tax deductions and improved benefits, to encourage those now in the prime of their working lives to save to provide themselves with a high standard of living in retirement. Life institutions such as the AMP Society and large banks are happily looking forward to the increased business such measures should bring. Page 22

Market Statistics

Companies in this section

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				Rises			
Lufthansa	181	+	5.5	Alspi	590	+	30.5
Man	256.5	+	7.5	Lucchaire	594	+	47.5
Mannesmann	263.5	+	5.3	Schneider	839	+	40.8
Veba	344	+	7	Falls			
Falls				Epeda	1300	—	39.7
BMW	602	—	2	Strafor	240	—	8.5
Hoechst	297	—	1.8	UIC	1137	—	35.8

NEW YORK ($)				TOKYO (Yen)			
Rises				Rises			
Bristol Myers	47 7/8	+	1/8	Nippon Gas	2100	+	210
Du Pont	118 3/4	+	5/8	Shiseido	1280	+	130
Merck	76 3/4	+	3/4	Tokyo Sen	1210	+	110
Pfizer	66 5/8	+	1 1/4	Taiyo Sanso	1190	+	110
Falls				Falls			
[illegible]	1 7/8	—	1/8	Nihon Spindle	1330	—	90
Texas Air	17 7/8	—	1/8	Kyokuyo	1960	—	200

New York prices at 12.30.

LONDON (Pence)							
Rises				Rothmans	681	+	24
Allied-Lyons	544	+	11	Ryl Bk Scot.	427	+	7
Body Shop	462	+	11	Slough Estates	378	+	9
Britannic	490	+	10	Std. Chartered	537	+	7
Cadbury Schw.	450	+	15	Trafalgar Hse.	490	+	14
DRG	582	+	22	Utd. Newsp.	801	+	17
Grand Met	631	+	16	Whitbread A	383	+	15
Guinness	597	+	19	Falls			
Hawk Sidd.	550	+	7	Gen. Accident	1029	—	19
Ladbroke	532	+	11	Laird Grp.	363	—	16
Laporte	396	+	9	Pearson	810	—	12
[illegible]	196	+	9	Scot. & New.	496	—	10
Redland	985	+	27				

INTERIM DIVIDEND UNCHANGED AS £208M PROVISION MADE FOR THIRD WORLD LOANS

Standard Chartered reports £48m loss

By David Lascelles, Banking Editor

STANDARD Chartered, the London-based banking group, reported a £48m ($76.8m) loss for the half year yesterday after making a £208m exceptional provision for problem country loans. As a result, its interim dividend will stay at 12.5p.

Because of the big reorganisation the group has undergone, Mr Rodney Galpin, the chairman, said comparisons were hard to make with the same period last year, when pre-tax profits were £156m. However, he estimated that the result showed an improvement in underlying profits of 15 per cent.

The exceptional provisions were in line with those made by the Big Four clearing banks a fortnight ago. Standard's provisions bring its cover up to 46 per cent.

Mr Galpin said the results reflected improved performance in the UK, Asia Pacific, tropical Africa, and particularly the Middle East and South Asia. Europe made a loss because of difficult trading conditions, notably in a French subsidiary which has now been sold.

The result also included a £14m charge for reorganisation moves instigated by Mr Galpin since he arrived last year from the Bank of England with the aim of putting Standard on the route to recovery from losses and internal upheavals. There was also a £26m charge for doubtful property loans in the US.

The loss affected Standard's capital position, and reduced its risk asset ratio to 8.1 per cent, barely above the 8 per cent minimum now established under international guidelines. Mr Galpin said he hoped to be able to restore capital to satisfactory levels with the sale later this year of the group's headquarters in London and Singapore.

Mr Galpin also gave details of his recovery plan, which will aim to exploit the uniqueness of Standard's international branch network and build on such strengths as treasury and merchant banking operations. The command structure had been improved and costs reduced, but profitability needed to be raised.

He said his objectives could not be achieved overnight, but was convinced they would benefit shareholders and staff.

Standard's share price gained 7p to close at 537p.

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Breaking out of turbulent era

David Lascelles on the international banking group's recovery plan

Words like "distinctive", "unique" and even "exotic" were flowing fast at Standard Chartered yesterday as Mr Rodney Galpin, the new chairman and former Bank of England director, unveiled his recovery plan for the international banking group.

Standard is indeed an unusual bank, with its sprawling global branch network, heavily tilted towards former imperial territories in Africa, Asia and the Far East, but lacking a strong footing in the developed world. "Seven hundred and fifty branches in over 50 countries," it proudly proclaims.

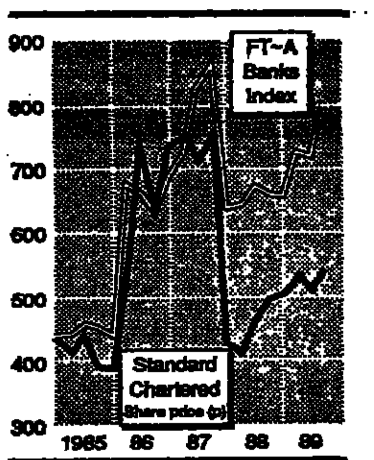
But Standard's challenge has always been to prove that this is an asset rather than a liability. "Break out", as Mr Galpin's plan is dubbed, has to overcome the scepticism of those who have seen his predecessors wrestle unsuccessfully in the past to construct a logic for the existence of this £27bn institution. Its consistently poor performance triggered the Lloyds Bank takeover bid in 1986; the bid failed but left Standard in turmoil.

"Their problem is that they have got no core market that they can call their own," says Mr Chris Ellerton, bank stock analyst at Warburg Securities. "In the long term I just don't see this banking group going anywhere."

The main point to emerge from Mr Galpin's plan yesterday is that he has decided to stick with the structure he inherited. There are to be no radical departures, no big shake-ups, no strategic alliances. "This is evolution rather than revolution," says Mr Galpin.

Standard's strengths, as he sees them, lie in its entrenched position in developing and newly industrialised countries, in many of which it is a household name, particularly around the fast-growing region of the Pacific, which, he says, has a greater volume of cross-ocean traffic than the Atlantic.

Rodney Galpin: confident in belief that Standard Chartered has a viable future



Mr Galpin sees Standard "building bridges" across this network to finance the flows of trade and capital between the countries where it is represented. These operations will be serviced by the centralised treasury and merchant banking functions, based in London.

Other activities he wants to emphasise are correspondent and private banking. Retail banking will be confined to countries where Standard has an established position, like Zimbabwe and Hong Kong, but not the UK.

At the same time he wants to ginger up Standard's sluggish management by bringing on fresh talent, cutting out dead wood and reducing overheads. He will also move the bank out of its extravagant new headquarters in Bishopsgate and into more modest accommodation for the reduced central staff.

Ironically, Mr Galpin's plan will effectively be built on a structure that is little changed from what Standard was 10 years ago. The intervening period saw the bank advance into, but then retreat from, the US. It also sold out of South Africa, largely for political reasons. But broadly, Standard is the same. Does this not mean that the same questions about the group's lack of logic still apply?

"We are confident in our belief that it does have a viable future," Mr Galpin replies. He said he did consider hiving off the remaining African operations, but on examining them he found that they contributed millions of pounds more profit to the group than the individual country figures suggested.

Mr Galpin did not, of course, have much room for manoeuvre as he assembled his master plan. Despite last year's £300m rights issue, the group's capital ratios are only a hair's breadth above the minimum levels required by the new Basle agreement which the Bank of England began enforcing in June. This was because its reserves were depleted by the large Third World loan provisions it made at the interim stage.

Standard hopes by year-end to have raised some fresh cash by selling its London headquarters, as well as regional headquarters in Singapore and Bangkok. According to Mr Richard Stein, the group finance director, this should get Standard's ratios up to those of its peer group.

But this does mean that Standard has to pull itself up by its bootstraps. One alternative might be to form a strategic alliance with another stronger bank, particularly one where the geographic strengths are complementary. This was the case with the Midland Bank and the Hongkong Bank. However, Mr Galpin says he does not want to commit himself to these sorts of negotiations while Standard is in a position of weakness.

His immediate aim is to concentrate on improving Standard's profit performance. He says he has thrown out the bank's budget twice this year in an attempt to impose more demanding targets, and the building sales and cost cutting will have a favourable impact on the accounts.

To the critics who argue that its long-term prospects are still uncertain Mr Galpin counters that with his newly proclaimed corporate aim: "To capitalise on our unique position and become the 'natural bank of choice' for companies, financial institutions and individuals whose operations and requirements span our network."

GrandMet sells seafood company to Thai group for $269m

By Clay Harris in London

UNICORD, Thailand's largest exporter of tuna and a supplier to several US and European brands, yesterday landed its biggest fish on a foreign shore when it bought US-based Bumble Bee Seafoods from Britain's Grand Metropolitan.

An investment company controlled by the Thai group paid the UK food and drinks group $269m for Bumble Bee. The sale raises to nearly $1bn GrandMet's proceeds from disposals of peripheral activities of Pillsbury, the US foods company it bought last year for $5.75bn.

The deal is one of the largest direct investments in the US by a Thai company and an important downstream move for Unicord. It already supplies tuna to Bumble Bee and Chicken of the Sea, another US brand, as well as to Prince and Migros in Europe. But Bumble Bee's $284m annual turnover will more than double Unicord's sales, which reached $250m in 1988.

Unicord, subsidiary of a broader group controlled by the Konuntakiet family, plans to float on the Bangkok Stock Exchange this year.

First Pacific Securities recently placed Unicord shares privately in London at a price which points to a market capitalisation of $127m.

Exports to the US accounted for 48 per cent of Unicord's sales in 1988, with Europe taking 35 per cent, Japan 8 per cent and the rest of the world 9 per cent. Its parent recently agreed a joint venture with three Japanese companies to expand its Thai-based canning operation. Unicord also farms shrimps.

Pillsbury bought Bumble Bee for $242m in July 1988, barely two months before GrandMet launched its bid.

In addition to tuna, Bumble Bee also sells tinned salmon and oysters and a cat food called Figaro.

GrandMet has already sold Pillsbury subsidiaries Van de Kamp, a frozen fish group, for $409m; the grain merchandising division for $140m; the tortilla producer Azteca for $12m;and the Steak & Ale and Bennigans restaurants for $434m.

The last of these disposals was required by US state laws, which do not allow a producer of alcoholic beverages, such as Grand Metropolitan, to own licensed premises.

All that remains to be sold from the Pillsbury portfolio is a Guatemalan grocery distribution business and a flour and pasta operation in Venezuela.

Sulzer and Voith to merge units

By John Wicks in Zurich and Andrew Fisher in Frankfurt

SULZER BROTHERS, the Swiss engineering concern, and the German company J.M. Voith have signed an agreement to combine their activities in paper machinery and fluid-flow technology.

As part of the agreement Sulzer will acquire an equity stake in Voith of between 25 and 35 per cent.

The combine will be Europe's biggest producer of equipment for hydroelectric stations and ships propellers, and the second largest – behind Valmet of Finland – of paper manufacturing plant. The organisation will have around 13,300 employees in nine countries.

Voith, which is owned by the family of the same name, did not indicate the price Sulzer would pay for its stake. The companies expect the Cartel Office in Berlin to approve the transaction because of their high export sales.

Strategically, the co-operation is aimed at providing customers worldwide with a comprehensive range of products, while also pooling research and development costs. "Suppliers with only a national or a regional sales base are not likely to remain successful in the long run," the companies commented.

For Sulzer, the move is the second this year with a German company. In March, it said it *intended to sell its loss-making* diesel engine business to MAN, the big engineering group. Voith stressed yesterday that, with orders on the increase, neither the paper machinery nor hydraulics sectors were loss makers.

Full details of the co-operation have still to be worked out. The two activities accounted for DM1.45bn ($747m) of Voith's turnover last year of DM2.2bn, or 66 per cent, but only for about SFr700m ($417m) – 13 per cent – of Sulzer's sales of SFr5.4bn. The companies have activities in the two sectors in North and South America, Italy, Spain, and Austria, as well as at home.

Orders are said to have risen "considerably" so far this year, so joint turnover is expected to be much higher in 1989.

Voith, whose headquarters are in Heidenheim, will take over management responsibility for both sectors.

The combination of its operations with those of Sulzer's Escher Wyss group will result in *the creation of units to be known* as Voith Escher Wyss paper technology division and Voith Escher Wyss fluid-flow technology division.

A Sulzer representative said that the companies do not intend to close any plants – on the contrary, heavy demand has led to bottlenecks in the sectors, he says.

A joint statement says that a "consolidation of capabilities" was advisable due to the increasing globalisation of business in paper and fluid-flow technology and a tendency towards concentration among their competitors.

Wang halts some debt payments

By James Buchan in New York

WANG LABORATORIES, the once high-flying US computer company now in financial difficulties, stopped payments yesterday on part of its near-$1bn debt as talks with its leading bankers ran into problems.

The move, which took Wall Street and the credit markets by surprise, raises questions about Wang's survival as an independent company.

Analysts doubt that creditors will put the business into bankruptcy, but there is speculation that Dr An Wang, the company's ailing founder, may be forced to seek outside investment, or may even have to sell the Massachusetts company.

Wang stock fell sharply yesterday in response to a curt announcement from the company that it was suspending "certain" interest and principal payments while talks continue with its banks.

The company is $920m in debt. That figure includes $300m outstanding in the domestic and Eurocommercial paper market – a market for short-term corporate IOUs on which Wang has depended increasingly for funds.

Wang, whose business in high-powered minicomputers in in decline, is desperately seeking to persuade banks led by Bank of Boston to keep open a line of credit for a further $300m. Wang was forced to seek to renegotiate the credit in June, when a loss of $424.3m for the year pushed the company's net worth below the level agreed with the banks.

Wall Street had expected the revolving credit to be renewed this morning despite talks that have been testy in atmosphere. "It's a long and arduous process," said Mr Paul Henning, a Wang executive, who added that talks were continuing. He said that Wang, which was due to make two interest payments yesterday, was suspending payments only on its bank debt and debt securities but would continue to satisfy trade creditors.

Bank of Boston declined to comment.

Dr Wang, who returned from cancer surgery only 10 days ago, is seeking to recruit a new president for the company to replace his son, Mr Frederick Wang, who quit on August 8.

Dr Wang is believed on Wall Street to be strongly opposed to the sale of the company he founded as a Chinese immigrant in 1951.

Sharp rise at WH Smith bucks retailing trends

By Maggie Urry

W.H. SMITH, the British retail and distribution group, yesterday reported results which suggested it has been largely immune to the general retail sales downturn.

Taxable profits for the 53 weeks to June 3 were 27 per cent ahead at £89.7m ($141m), up from £70.4m for the 52 weeks to May 28 1988. However, this pre-tax result included property profits of £5.6m, against only £600,000 last year.

Sir Simon Hornby, chairman, said he thought these were excellent figures at a time "when retail sales are slowing very significantly".

He said that only in Do It All, the group's DIY chain, was the clampdown on consumer spending having an effect.

Group sales during the year rose by 17 per cent to £1.94bn from £1.66bn and trading profits improved by 26 per cent to £96.1m from £76.4m. An exceptional charge of £2.5m (nil) related to the cost of new computers at Do It All, and the net interest charge was £11m, compared with £8.7m last time .

The star performance came from the WH Smith high-street chain and the specialist shops such as Our Price in music, Paperchase in stationery, and Sherratt & Hughes in books. Turnover for this division rose 19 per cent to £1.06bn and trading profits by 31 per cent to £72.7m.

The travel agency business made a small loss, Mr Field said, because of lower holiday bookings, and 13 travel shops were being closed.

In the North American businesses a management shuffle had overcome a setback at the interim stage and profits were up for the year.

In distribution, covering the UK and North America, sales were 13 per cent higher at £700.4m and trading profits improved marginally to £15.8m from £15.7m.

Sir Simon said the UK news wholesaling market had settled down after last year's changes when publishers switched from rail to road distribution. WHS had picked up business from small wholesalers which had closed and had passed on some of the extra costs to customers.

Earnings per share on a fully diluted basis and excluding property profits were up by 14 per cent to 26p (22.8p).

A final dividend of 6.8p (6p) is proposed and giving a total for the year of 10.4p (9p), an increase of 16 per cent.

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Malaysian engineering group bids for Cima

By Lim Siong Hoon in Kuala Lumpur

AN 850km toll expressway running along the Malaysian peninsula, from the northern border with Thailand to Singapore in the south, has appeared as the focal point in a series of share swaps that will restructure ownership of three companies on the Kuala Lumpur stock market.

At the centre of the deals is United Engineers (UE), the Malaysian engineering and construction group which received a big boost a year ago when the government awarded it the highway's 30-year toll concession.

The company has offered to buy all of Cement Industries of Malaysia (Cima), which 59 per cent owned by the Perlis state government, for an exchange of one UE share for three in Cima.

UE will issue 19.5m shares at 7.50 ringgit a share if there is full acceptance of its offer. Cima shares are valued at 2.50 ringgit.

Cima operates two cement plants with a 1.2m tonne capacity each. A unit of UE has contracted a Cima agent to supply 800,000 tonnes of cement for its 3.4bn ringgit (US$1.27bn) construction of the remaining 512km of the North-South Toll Expressway.

UE's takeover bid for Cima comes three weeks after Hatibudi, UE's 50 per cent shareholder, announced a combined loan stock and share swap with Time Engineering, a listed company handling systems engineering and industrial products.

Umno, the ruling Malay party, operates Hatibudi through which it had gained control of the financially stricken UE in 1986.

Under an elaborate plan, ordinary shares and loan stock are to change hands between Hatibudi and Time Engineering before Hatibudi goes on to make a share swap offer to Time Engineering shareholders. The net result of this exercise is that Hatibudi would take away 107m ringgit cash, and an expended 53 per cent stake in Time Engineering – which, in its turn, would own 30 per cent of UE.

Gandois plan pays off at Cockerill

Tim Dickson looks at the recovery of the Belgian steel producer

This week's announcement that Belgium's Cockerill Sambre is seeking BFr7bn ($172.2m) of fresh capital from stock market investors is a vivid reminder of the good times currently being enjoyed by Europe's steel companies.

The group – the product of amalgamations between perhaps 20 to 30 different family businesses over the last 80 years – came together in its present form in 1981 when the Cockerill works in Liège merged with Hainaut Sambre of Charleroi. A defensive alliance if ever there was one, the combined enterprise was losing BFr1bn a month and symbolised the deep industrial and industrial relations malaise which gripped the Walloon half of the country for the first half of the 1980s.

Potential investors when the issue is formally launched next month will have to decide how much of the recent recovery can be attributed to the changes ushered in by the group's present chairman, the Frenchman Mr Jean Gandois, and how much to the steel sector cycle.

The latter can be illustrated by the fact that most European steel companies are working at full capacity at present, that some steel products have been scarce in recent months (notably materials for the car industry), and that one-time lame ducks are now behaving like growth stocks. Investors in the Luxembourg based Arbed, for example, have benefited from a 59 per cent total return (dividends reinvested) so far this year.

Mr Gandois's contribution to the fortunes of Cockerill, meanwhile, have been substantial.

Appointed by the Belgian Government to mastermind the group's recovery in 1983 – initially as a consultant, then as a sort of unofficial minister for the steel industry – he became chairman in 1987 when Mr Raymond Levy, his predecessor and another Frenchman, took over the wheel at Renault after the murder of Mr Georges Besse.

The impact of the "Plan Gandois" is seen in:

● The way that last year Cockerill Sambre made the same amount of steel as in 1983 with the half the number of employees (around 12,000);

● The BFr36bn of investments which have been made in new machines and research and development; and

● A switch from a mixture of long and flat steel products into a manufacturer from this year of exclusively flat products (mainly coated flat products where maximum added value can be obtained).

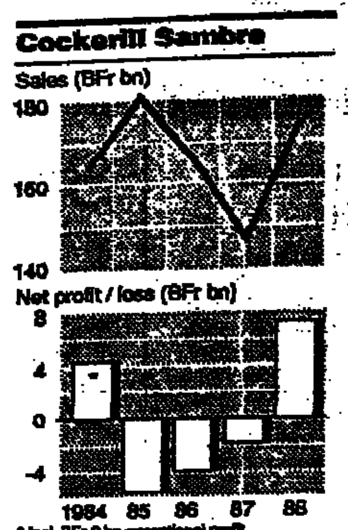
In 1988 Cockerill made a BFr7.2bn net profit – the first excluding exceptional items for 13 years – and while no precise forecast for 1989 has yet been divulged Mr Gandois has already indicated that he expects to beat this figure.

The significance of the issue planned for September – intended, according to this week's statement, "to reinforce the company's financial structure, provide it with the resources to achieve its development, enlarge its shareholders, and improve the liquidity of the shares" – is that if all goes according to plan a significant minority stake in Cockerill will soon be back in public hands.

Amid the large tranches of government support over the years, existing shareholders have been severely diluted to the extent that more than 98 per cent of the company is owned by the state. (Under this year's regional reforms in Belgium, the holding has been transferred from the national government to the Walloon region).

The new issue at an indicative price of BFr210 (against a recent market price of around BFr360) is for 35m new shares or 12.6 per cent of the total capital, two new shares having one warrant attached giving the right to make further subscriptions in the future. If all the warrants are exercised, around 20 per cent of Cockerill Sambre will be back in public hands.

Cockerill Sambre



NZ STEEL BID IS BLOCKED

THE Commerce Commission, New Zealand's antitrust regulator, has declined initial clearance for the Helenus consortium's bid for New Zealand Steel, AP-DJ reports.

Helenus, 81 per cent owned by Broken Hill Proprietary, the Australian steel producer, said in July it would pay NZ$323m (US$190m) for NZ Steel, which is 80 per cent owned by the failed Equiticorp International. Fisher & Paykel Industries, the local white goods maker which has the rest of NZ Steel, planned to keep a holding through a 25 per cent stake in Helenus.

Ciba-Geigy 23% up at midterm

By Our Financial Staff

CIBA-GEIGY, the Swiss chamicals and pahrmaceuticals producer, yesterday unveiled group net profits of SFr1.38bn ($823m) for the first half to June, the first time it has specified its earnings at the interim stage.

The company said the result represented a 23 per cent improvement over a SFr1.12bn outcome in the first six months of 1988.

It added that it expected profits for the whole of this year to reach at least SFr1.5bn francs, up from SFr1.33bn.

Ciba-Geigy noted, however, sales in the rest of the year were not thought likely to match those of the first half, which, as the group announced last month, were SFr11.15bn compared with SFr9.06bn. At that time it had put no figure on profitability.

Yesterday it added: "Our forecast at present – assuming that economic and currency conditions remain stable – is that group profit will increase roughly parallel to sales to reach at least SFr1.5bn."

In the first half, higher inflation partly offset positive foreign exchange rate benefits. Higher sales volumes also boosted production costs, and "significant cost increases were incurred for environmental protection and safety and for the research and development of the biological divisions."

Pharmaceuticals displaced the agricultural division during the half-year as the company's biggest sector.

Liberty Life boosts premium income by 20%

By Jim Jones in Johannesburg

LIBERTY LIFE, the internationally minded South African life assurer, lifted net premium income by more than 20 per cent in the six months to June and its attributable profit by over 43 per cent.

Premium income was lifted to R815.4m ($298.7m) from R678.2m, investment income increased to R575.6m from R436.4m and the interim taxed surplus attributable to shareholders was R74.1m against R51.7m.

Liberty's foreign interests – principally 49 per cent of TransAtlantic Insurance Holdings which, in turn, owns 29.5 percent of Sun Life and 64 per cent of Capital & Counties in the UK – were restructured last year and hived off into First Investment Trust (FIT).

In Johannesburg yesterday Mr Donald Gordon, Liberty chairman, said Capital & Counties' strategy of developing suburban shopping centres located on London's M25 ring road closely resembles that successfully implemented in Johannesburg in recent years.

Mr Gordon added that relations with the board of Sun Life remain essentially cordial and that the UK insurer's operations have settled down to a routine pattern.

Sun Life's board attempted to dilute the Liberty group's equity interest several months ago but was blocked. Since then UAP International of France has lifted its stake in Sun Life to at least 22.2 per cent but acts independently of Liberty at Sun Life board meetings.

Net earnings of Liberty, the country's third largest life assurer, increased to 365 cents a share from 295 cents and the interim dividend has been increased to 265 cents from 220 cents. Last year's full earnings were 730 cents and the year's dividend 530 cents.

● Protea Assurance, the South African affiliate of Sun Alliance of the UK, suffered a drop in underwriting surplus in the six months to June but compensated by lifting investment income and income from life assurance.

Premiums written increased to R76.5m from R65.1m but stiffer competition, which led to rate-cutting, resulted in a drop in the interim underwriting surplus to R3.2m from R5.2m. Investment income rose to R9.5m from R6.1m.

The directors express concern at a rise in the cost of marine reinsurance and rising cost trends in motor and domestic business.

The first half's net earnings rose to 103 cents a share from 91 cents and the interim dividend has been lifted to 20 cents from 15 cents.

Sony in US acquisition

SONY of Japan is to pay some $59m for Materials Research, a New York state maker of sputtering and etching equipment for electronics applications, Our Financial Staff writes.

Materials Research has annual sales of more than $130m and employs about 700. It also supplies high purity metals and ceramics.

The US company, which Sony said had sought a friendly takeover, has factories in France and Japan as well as New York.

Canadian potash sale

By David Owen in Toronto

SASKATCHEWAN'S Conservative government has cleared the way for the privatisation of Potash Corporation of Saskatchewan (PCS), the western world's largest potash producer.

After a bitter four-month struggle, the privatisation bill was finally passed by a margin of 35-25 in the provincial legislature this week.

The clearance is expected to lead to a C$200m (US$ 170m) to C$400m initial share offering before the year-end, with stock available in both Europe and the US. Foreign ownership will be limited to 45 per cent of the company.

PCS, whose assets are valued at C$1.2bn, made a profit of C$106m in 1988 after a long string of substantial losses. The company was created by the left-of-centre New Democratic Party in 1976, through the acquisition of approximately half of the province's potash industry.

BRITANNIA BUILDING SOCIETY

£125,000,000

Floating Rate Notes 1995

In accordance with the terms and conditions of the Notes, notice is hereby given that for the three months Interest Period from (and including) 15th August, 1989 to (but excluding) 15th November, 1989, the Notes will carry a rate of interest of 13.9125 per cent. per annum.

The relevant Interest Payment Date will be 15th November, 1989. The Coupon Amount per £10,000 will be £350.67 and per £100,000 will be £3,506.71 payable against surrender of Coupon No: 3

Hambros Bank Limited
Agent Bank

COMPAGNIE DE SAINT GOBAIN
ISSUE OF TITRES PARTICIPATIFS
ECU 100.000.000 WITH WARRANTS

LIBOR ECU used for the calculation of the coupon maturing on 10th February 1990 is 9.375% and the net consolidated income taken into account for the floating portion of the remuneration is FRF 4.044 000.000 after inflation adjustment on the financial profits of the subsidiaries operating in the Latin American countries.

The coupon so calculated produces an annual interest rate of 10.65%.

As the applicable TMOE is 8.5825%, resulting in a minimum coupon lower than 10.65%, the first formula is applicable.

Therefore, the semi-annual coupon payable on 10th February 1990 will be ECU 53.25 per titre participatif of ECU 1.000.

Banco Di Napoli International S.A.

U.S. $150,000,000

Floating Rate Subordinated Notes due 1997

For the six months 14th August, 1989 to 14th February, 1990 the Notes will carry an interest rate of 8 11/16% per annum with a coupon amount of U.S. $444.03 per U.S. $10,000 Note, payable on 14th February, 1990.

Bankers Trust Company, London Agent Bank

INTERNATIONAL COMPANIES AND FINANCE

Quebecor blames loss on declining markets

By Robert Gibbens in Montreal

QUEBECOR, partner of Mr Robert Maxwell, the British publisher, in several Canadian ventures, has blamed a 24 per cent drop in first-half earnings on declining newsprint markets and greater-than-expected losses at its 16-month-old English-language tabloid in Montreal.

Quebecor, controlled by Mr Pierre Peladeau, the Montreal publisher, is Canada's largest commercial printer and publishes Journal de Montreal, the country's second largest circulation daily paper.

Mr Maxwell owns 25 per cent of the tabloid and jointly with Quebecor controls Donohue, a large Quebec newsprint producer.

Quebecor's first-half earnings were C$12.8m (US$10.87m), or 54 cents a share, down from $16.9m, or 91 cents a year earlier, on revenues of $861m, up 34 per cent, due to several acquisitions.

Losses at the tabloid were $4.4m. Declining demand and a higher Canadian dollar cut into Donohue profits.

Second-quarter profit was $8.7m, or 36 cents a share, down 18 per cent year to year. Revenues were $438m, up 33 per cent.

● Amax of the US, through its fully owned subsidiary Alumax, is going ahead with a C$1bn aluminium smelter near Quebec City. Annual capacity will be 215,000 tonnes and the plant will be on stream early in 1992.

Initial construction work has already begun. The plant will use a combination of Alumax and Pechiney technology. Alumax has signed a power agreement with Hydro Quebec, which gears the average price for electricity to the international price of ingot.

The terms are similar to a contract of Canadian Reynolds Metals for its recent C$500m expansion at Baie Comeau, Quebec.

Wesfarmers at record, warns on year ahead

By Chris Sherwell in Sydney

WESFARMERS, the Perth-based agribusiness and industrial group, yesterday reported record annual profits and buoyant sales, but warned that less favourable business conditions would affect it in the current year.

Figures for the 12 months to June showed an after-tax operating profit of A$58m (US$43.81m), up 28 per cent, on a 1 per cent improvement in revenues to A$1.2bn. On an equity accounted basis the profit figure was slightly higher, at A$59m, on revenues of A$1.36bn.

Wesfarmers said the current year had started well, but added that higher interest rates would increase borrowing costs and curb demand from rural customers. This, it said, would reduce the benefits of improved rural commodity prices and good rains.

Apart from the lower corporate tax rate, the past year's improvement was attributed to excellent seasonal conditions, strong rural commodity prices and the start-up of a liquefied petroleum gas extraction plant and a 60 per cent-owned sodium cyanide plant.

Since the end of the year the group has completed its acquisition of Western Collieries from CSR, the building products and sugar company. One of Western Australia's two coal producers, Western Collieries is now being expanded to double output from next July.

Directors declared a fully franked final dividend of 20 Australian cents a share for a total of 30.5 cents, up from 23.5 cents. On the stock market, the group's shares finished steady at A$4.85.

● Bell Resources, an offshoot of Bond Corporation, has agreed to sell its 10 per cent interest in the Gregory open-cut coal mine in Queensland to its joint venture partners for A$25m, AP-DJ reports from Perth.

Bell earlier had a A$37.8m price-tag on Gregory Joint Venture. Bond Corp and its units are selling assets to reduce debt. Bell Resources sold its 10 per cent stake in Central Queensland Coal Associates, another coal mining business, on July 31 for A$262.2m.

Ashton-Tate

ASHTON-TATE plans to cut between 15 per cent and 20 per cent of its 1,700 employees worldwide. Because of an agency error the number of job losses was reported yesterday as 1,700.

Hanson sued in US over flotation 'contradictions'

By Roderick Oram in New York

TWO US shareholders have filed suits against Smith Corona alleging that the typewriter maker misrepresented its financial condition when Hanson, the UK industrial group, sold a majority stake in the company to the public last month.

The suits allege that Smith Corona, based in New Canaan, Connecticut, contradicted the optimistic message of its share prospectus by announcing, two weeks after the share offering, a 10 per cent staff cut because of weaker demand.

The suits name as defendants Mr Lee Thompson, Smith Corona's chairman, Hanson, and Shearson Lehman Hutton and Merrill Lynch, the two underwriters of the issue.

Mr Thompson said he could not comment on the suits as he had yet to see them.

But he stressed the layoffs at the company's New York state and Singapore plants affected only temporary employees.

"There has been a general overall softness of business in the summer months which we had not forecast," Mr Thompson said.

"We found it out in the normal course of a monthly business meeting in August. We are responding by reducing inventories, which is a normal action in business. I believe the market is over-reacting."

Neither Hanson nor the underwriters had any immediate comment on the suits, filed in the US district court by Mr Robert Donatelli who owns 1,000 shares and Mr Howard Kichler who owns 100 shares.

Smith Corona made no forecast in its prospectus but said it had enjoyed "significant growth rates in sales volume in every year" since it restructured its business in the mid-1980s.

Some investor resistance to the offering had forced Hanson to cut the offer price to $21 a share from its initial target range of $23 to $25.

In total Hanson received $291m net from the share issue and some $95m raised by Smith Corona in new debt. It retained a 47.9 per cent stake in the company.

Some investors were also surprised by the fiscal fourth-quarter loss announced by Smith Corona on August 3. Operating income increased to $19.1m for the three months ended June 30 from $8.2m a year earlier.

However, the net loss was $1.4m after final payments of a bonus plan for Mr Thompson and four other senior executives.

The five received about $50m in cash and shares, funded by Hanson, as a reward for turning round the company which Hanson acquired in 1986.

Other managers divided $8.2m in cash and 326,047 shares.

Mr Thompson said yesterday the financial impact of the bonus plan had been clearly laid out in the prospectus.

Toys 'R' Us posts static profit

By James Buchan in New York

TOYS 'R' Us, the big US chain of toy stores, reported essentially unchanged earnings in the second quarter to June, although its sales rose 13 per cent.

The Paramus, New Jersey company, which has expanded strongly in the US and Europe in the 1980s, said its earnings in the second quarter were $23.5m or 12 cents a share. This compares with $23.1m and 12 cents in the 1988 second quarter.

Sales were $775.5m as against $686.8m in the second quarter of 1988.

Mr Charles Lazarus, chairman, said that the latest results compare with a very strong 1988 quarter. "We are excited and optimistic about the new toy and video game products being introduced in August and September of this year." The company does nearly half its business in the Christmas quarter of the year.

The company, which claims to be the largest specialty toy retail chain in the world, says it will open 66 new toy stores in the next three months, including 22 overseas. The company operates 359 toy stores in the US, 52 overseas and 137 children's clothing shops.

In the first six months to July, earnings were $50.6m or 26 cents a share as against $45.6m or 23 cents a share. Sales rose 16 per cent to $1.54bn.

Shui On's HK$90m disappoints

By Michael Murray in Hong Kong

SHUI ON, the Hong Kong property, hotels and construction company which is the subject of a management bid to take it private, yesterday revealed disappointing net profits of HK$90.2m (US$11.6m) for the year to March.

At the same time Shui On Contractors, a 75 per cent held subsidiary which was spun off and separately listed last November, reported profits of HK$20.3m for the year.

The Shui On group made profits of HK$101.7m during its 1987 financial year, but for the 12 months which ended in March 1988 reeached only HK$57m after making HK$46m provisions for losses on stock market investments.

The latest results fell below market expectations, and came in spite of a HK$50m gain resulting from the deposit paid on the aborted sale of the Shui On Centre to China-backed Zhongshan International Investors. The properties division recorded profits of HK$98m for the year, arising from a combination of sales and rental income.

Mr Vincent Lo, chairman – who is leading the bid – said that two hotels in Toronto acquired for US$483.2m last year incurred substantial losses due to renovation programmes and high interest charges. Revenues of the Hong Kong food and leisure group, which includes the Fotomax chain of video rental outlets, almost doubled to HK$197m, but a loss of HK$7m was incurred.

Should the buy-out succeed Shui On will be 70 per cent owned by Mr Lo and 30 per cent by New World Development, one of Hong Kong's largest property companies.

Shui On contractors, which is not subject to any general offer to shareholders, made its own HK$20.3m profits on turnover of HK$2.19bn, highlighting tight margins in the local contruction industry where wage rises have greatly added to costs.

Hong Kong film company 18% ahead

By Michael Marray

SHAW BROTHERS, the Hong Kong film production and distribution company controlled by Sir Run Run Shaw, has reported net profits of HK$191.8m (US$24.57m) for the year to March, an increase of 17.6 per cent.

The company is a member of the consortium which has won the franchise to build and operate the territory's first cable television network.

The rise, which was a little below market expectations, came from stronger performances in each of the group's main divisions, with increased earnings from its film-making division, theatre operations and the sale of videos, as well as the holding in TVB, Hong Kong's dominant television station.

Shaw Brothers is the controlling shareholder in TVB, and in February increased its stake from 22.6 per cent to 30.2 per cent. Shaw Brothers has a 10 per cent stake in Hong Kong Cable Communications, the consortium led by Sir Yue-Kong Pao's Wharf group, which will spend around HK$5bn to provide cable television to Hong Kong starting in 1991.

Shaw Brothers will bring its strength in film production and television programming to the consortium, as well as an extensive film library stretching back over 30 years of movie-making.

During the year Shaw Brothers incurred a small extraordinary loss of HK$461,000 relating to the restructuring of TVB, which took place last November.

Bad debts hit Israeli bank

By Tony Walker in Jerusalem

BANK HAPOALIM, Israel's largest banking group, returned reduced profits in the first six months of 1989, compared with the same period last year, due to increased provisions for bad debts.

Net profit dropped about 30 per cent to $33m after provisions of $164.2m. The bank nevertheless expressed satisfaction with its first-half profits in the face of Israel's economic slowdown.

Bank Hapoalim made a net loss in 1988 of $29.3m. A statement said the 1989 results were attributable to an improved loan portfolio and a significant cut in operating costs.

VNU holds 60% of Exa

VNU, THE largest Dutch publisher, said it now owns 60 per cent in Exa Publications of France following a stock purchase for an undisclosed cash sum, Reuter reports.

VNU already owned a 20 per cent stake in the Paris-based publisher, which has annual sales of about Fl 100m ($45.6m) and employs 100 staff.

INTERNATIONAL APPOINTMENTS

Kidder Peabody names London mergers and acquisitions chief

KIDDER PEABODY, the US investment bank 80 per cent owned by the American General Electric group, named Mr Nigel B. Christie a managing director and head of its London mergers and acquisitions unit, AP-DJ reports from New York.

Mr Christie had been a managing director of S.G. Warburg, a leading London-based merchant bank, with responsibility for the company's North American M&A work.

Mr Michael Carpenter, who became Kidder Peabody's president and chief executive in January, in the spring, hiring from the outside, named a new head of investment banking – Mr Scott Newquist, formerly of Morgan Stanley. He also made Mr B.J. Megargel, formerly of Shearson Lehman Hutton, Mr Newquist's deputy for M&A.

Mr Christie, who will report to Mr Megargel, said: "I obviously recognise that this is a rebuilding exercise. That was very exciting to me. I saw the opportunity to get in among a young team who really want to build an operation."

At Warburg, Mr Christie mainly was involved in advising British companies on friendly acquisitions of US corporations or their units.

Mr Megargel said in a separate interview that he "would not rule out hostile takeovers" at the London operation "if that is what our clients want us to do, but we are not positioning ourselves as a purely 'hostile' firm."

Kidder, Mr Megargel added, now has five M&A professionals in London and expects Mr Christie to double the staff. He said there has been "a blur" between London-based M&A activity and other investment banking, and that Mr Christie's appointment was designed to fix specific responsibility for mergers and acquisitions.

Eurocheque chooses chairman

THE BRUSSELS based Eurocheque International, which comprises some 8,000 banks in 40 mainly European countries operating the Eurocheque multicurrency cheque guarantee and electronic debit card system, has chosen a new chairman.

He is Mr R.B. van Eldik, nominated unanimously by the Eurocheque Assembly and who will fill this role in November.

Mr Ulrich Weiss, a Deutsche Bank board member and the present chairman of Eurocheque, is to resign from the latter at the end of the year.

Mr van Eldik has retired from Rabobank Nederland, the large Dutch co-operative bank, where he was a member of the executive board.

He has also relinquished the post held for the past two years of president of the European Council for Payment Systems, a body set up some 10 years ago by senior bankers from numerous European banks with the purpose of achieving co-ordinated development of personal payment systems across Europe.

Mr Gabriel Pallez, honorary chairman of Crédit Commercial de France, has been elected by the ECPS to replace Mr van Eldik as president.

★★★

CEDEL, the Luxembourg-based global clearing house for bonds and equities in both domestic and international markets, is further expanding its senior management by appointing Mr Jacques Philippe Marson as executive vice president, with effect from September 14.

He will be responsible for commercial, treasury and securities operations. Mr Andre Lussi became managing director in May.

Mr Marson, who was formerly with J.P. Morgan and Euroclear, and more recently with SWIFT Service Partners as director capital markets, has long experience in the securities business, marketing and information technology.

★★★

ENIMONT, the leading Italian chemicals concern formed at the beginning of this year from the merger of the chemical interests of Eni, the state-controlled energy company, and those of Montedison, has appointed Mr Luigi Salamina head of image and advertising.

Mr Salamina, aged 46, working from Enimont's Direzione Immagine e Comunicazione section, is responsible for advertising, graphic editorial, marketing, communications, special projects, shows and exhibitions, as well as co-ordination of the corporate image.

He previously served with Italtel, the state-owned Italian telecommunications equipment manufacturer, in its Corporate Image and Communications' Directive Office.

Diamond Shamrock oil and gas group makes former US Treasurer a director

DIAMOND Shamrock, the Texas oil and gas group, named former US Treasurer Katherine Davalos Ortega a director of the company.

Mrs Ortega, 55, served as the 38th Treasurer of the US for nearly six years until her resignation at the end of June this year. Prior to that, she was a Commissioner on the Copyright Royalty Tribunal, and formerly to that on the President's Advisory Committee on Small and Minority Business.

With an extensive background in banking and accounting, Mrs Ortega was at one time president of the Santa Ana State Bank in California.

★★★

ECHLIN, a US-based worldwide manufacturer and distributor of motor vehicle replacement parts with annual sales close to $1.5bn, has elected Mr Roger Storey as its president.

Mr Storey was managing director of Echlin's European division. He has held various managerial posts in the company for the past 13 years, initially with a UK subsidiary.

He will be moving to Connecticut, where Echlin's corporate headquarters are located.

★★★

RJR NABISCO, the tobacco and foods group taken private in April through a Kohlberg Kravis Roberts $25.4bn acquisition, named Mr Lawrence Ricciardi executive vice president and general counsel.

He replaces Mr Harold Henderson, who left the company earlier this year.

Mr Ricciardi is currently executive vice president and general counsel of American Express's Travel Related Services division.

Mr Louis Gerstner Jr resigned in March as American Express president to become chairman and chief executive officer of RJR Nabisco.

★★★

DATAPOINT, the Texas-based computers and office automation products manufacturer controlled by Mr Asher Edelman, the American businessman, elected Mr Michael Michigami as president, chief executive and a board member.

He replaces Mr Robert Potter, who has resigned to pursue other business opportunities.

Mr Michigami was president of the control systems division of United Technologies.

This notice is issued in compliance with the requirements of the Council of The International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange"). It does not constitute an invitation to the public to subscribe for, or purchase, any shares.

THE JAKARTA FUND

JAKARTA FUND (CAYMAN) LIMITED

(an exempted company incorporated with limited liability under the laws of the Cayman Islands with registered number [illegible])

Placing of 2,000,000 Participating Shares of US$0.01 each, payable in two instalments

The first instalment of US$10.50 per Participating Share is payable on subscription and the second instalment of a further US$10.50 per Participating Share will, subject to the conditions specified in the Placing Memorandum, become payable on or before 24th February, 1992.

Application has been made to the Council of The Stock Exchange for the Participating Shares now proposed to be issued to be admitted to the Official List. It is expected that such Participating Shares will be admitted to the Official List, and that dealings will commence, on 25th August, 1989.

Particulars of the Participating Shares are expected to be available in the Statistical Services of Extel Financial Limited on 25th August, 1989 and copies of the Placing Memorandum which comprise Listing Particulars relating to Jakarta Fund (Cayman) Limited may be obtained during normal business hours from the Company Announcements Office of The Stock Exchange on 18th and 21st August, 1989 and until 31st August, 1989 (Saturdays and public holidays excepted) from:—

JAKARTA FUND (CAYMAN) LIMITED
P.O. Box 309
Cayman International Trust Building
Grand Cayman
Cayman Islands
British West Indies

Baring Brothers & Co., Limited
8 Bishopsgate
London EC2N 4AE

Baring Securities Limited
Lloyds Chambers
1 Portsoken Street
London E1 8DF

Merrill Lynch International Limited
Ropemaker Place
25 Ropemaker Street
London EC2Y 9LY

Hoare Govett International Securities Limited
Security Pacific House
4 Broadgate
London EC2M 7LE

17th August, 1989

U.S. FEDERAL SECURITIES FUND S.A.
Société d'Investissement à Capital Variable
2, boulevard Royal, Luxembourg
R.C. Luxembourg B - 22917

To our shareholders,

We have the honour to invite you to attend the
ANNUAL GENERAL MEETING
of shareholders of our company, which will take place at the company's registered office, 2 boulevard Royal, Luxembourg, on August 25, 1989 at 11.00 a.m. for the purpose of considering and voting upon the following agenda:

1. Submission of the report of the Board of Directors;
2. Approval of the Statement of Net Assets as of May 31, 1989 and the Statement of Operations for the year ended May 31, 1989;
3. Allocation of the net profits; Decision on the distribution of a final dividend;
4. Discharge of the Directors;
5. Receipt of and action on nomination of the Directors;
6. Confirmation of Deloitte Haskins & Sells as Independent Auditors of the Company;
7. Miscellaneous.

Resolutions on the agenda of the Annual General Meeting will require no quorum and will be taken at the simple majority of the shareholders present or represented at the meeting.

In order to attend the meeting of August 25, 1989 the owners of bearer shares will have to deposit their shares FIVE clear days before the meeting at the registered office of the Company or with Banque Internationale à Luxembourg, Société Anonyme, 2 boulevard Royal, L-2953 Luxembourg.

THE BOARD OF DIRECTORS

FIRST CONVERTIBLE SECURITIES FUND
Société d'Investissement à Capital Variable
2, boulevard Royal, Luxembourg
R.C. Luxembourg B - 24461

To our shareholders,

We have the honour to invite you to attend the
ANNUAL GENERAL MEETING
of shareholders of our company, which will take place at the company's registered office, 2 boulevard Royal, Luxembourg, on August 25, 1989 at 3.00 p.m. for the purpose of considering and voting upon the following agenda:

1. Submission of the report of the Board of Directors;
2. Approval of the Statement of Net Assets as of May 31, 1989 and the Statement of Operations for the year ended May 31, 1989;
3. Allocation of the net profits; Decision on the distribution of a final dividend;
4. Discharge of the Directors;
5. Receipt of and action on nomination of the Directors;
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THE BOARD OF DIRECTORS

MULTI-CURRENCY BOND PORTFOLIO
Société d'Investissement à Capital Variable
2, boulevard Royal, Luxembourg
R.C. Luxembourg B - 24797

To our shareholders,

We have the honour to invite you to attend the
ANNUAL GENERAL MEETING
of shareholders of our company, which will take place at the company's registered office, 2 boulevard Royal, Luxembourg, on August 25, 1989 at 3.00 p.m. for the purpose of considering and voting upon the following agenda:

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THE BOARD OF DIRECTORS

INTERNATIONAL CAPITAL MARKETS

NZ issue spurns typical syndicate

By Andrew Freeman

MORGAN STANLEY launched a $500m five-year deal for New Zealand at about 3pm yesterday, bringing to fruition its long-standing desire to begin altering the procedure by which new Eurobond issues are syndicated.

The deal, announced on Monday, spurned the typical Euromarket syndicate and commission structure in favour of a system based loosely on the negotiated-price re-offering common to the US domestic bond market.

Mr Bob Scott, in charge of Morgan Stanley's worldwide underwriting, said: "We think this is an important first step towards a new method of managing international bond issues that satisfies issuers and investors and allows underwriters a reasonable prospect of earning compensation for their role."

He added: "We hope that it challenges other managers to consider their approaches to underwriting."

An official representing the borrower said New Zealand was pleased by the execution of the deal and was relieved that the waiting period was over.

A small syndicate of seven co-lead managers agreed to offer the bonds at the issue price of 99¾ or better for a fixed underwriting fee of ⅝ point, after negotiating the issue price with the lead manager and the borrower yesterday morning. They maintained that agreement until late afternoon when Morgan Stanley broke the syndicate and allowed free trading of the paper.

INTERNATIONAL BONDS

The bonds were launched at a generous spread against Treasuries of 73 basis points, and met the expected heavy demand from a wide range of investors. "This was priced to go well," one trader said.

Away from the syndicate, the paper was quickly trading at 99.90 bid, implying a tighter spread against Treasuries. When the syndicate was broken, however, the bonds settled just above the issue price.

The ease of the deal's distribution led to comments that paradoxically the issue had done little to test the merits of the new syndication method. "A more competitively priced deal will be the real test of this technique," one syndicate manager said.

There was also some discontent among members of the underwriting group which were not allocated paper to fill their underwriting commitment after they were asked by Morgan Stanley to indicate the extent of their demand for the paper.

One house commented that some of its clients were unfamiliar with the system and had been reluctant to commit themselves to paper about which they wanted to know more. "If this system is to become normal practice, the allocation procedure will need ironing out," the bank said.

Elsewhere, two five-year Canadian dollar deals were launched to take advantage of an overnight rally on the underlying market as well as favourable swap rates.

UBS Phillips & Drew was the lead manager of a C$150m issue for UBS Finance, the first time the Swiss bank has tapped the sector. The pricing was against the Canadian government benchmark as well as liquid issues like the World Bank and the recent BFCE deal.

The bonds came with a 10 per cent coupon and were priced at 101⅛ to yield 9.86 per cent, a spread of some 48 basis points over the equivalent Canadian Treasury. The proceeds were swapped into floating-rate US dollars.

The deal was well received, and UBS was quoting the paper at less 1.70 bid, inside full underwriting commissions of 1⅞ per cent. The spread against Treasuries had narrowed to around 37 basis points.

A UBS official reported a mixture of institutional and retail demand, with predictable interest from Switzerland, as well as the UK and the Middle East.

Mitsubishi Finance brought a C$75m issue for LB Schleswig-Holstein Finance at a spread against Treasuries of 71 basis points.

The bonds were well bid at less 1¾, a discount equivalent to full fees. A coupon of 10⅞ per cent was the spur for retail interest, and the lead manager said there was little paper coming back through the brokers.

The borrower is familiar to the retail market and the bonds should find straightforward distribution over the next few days.

In Switzerland, Crédit Suisse was the lead manager of a SFr50m straight private placement for Oce-Van der Grinten, the Dutch office equipment manufacturer.

The three-year bonds were quoted at less ¾ bid by the lead manager. The deal was not syndicated.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
New Zealand(a)◆	500	9	99¾	1994	⅜/⅛	Morgan Stanley Int.
CANADIAN DOLLARS						
UBS Finance(a)◆	150	10	101⅛	1994	1⅞/1¼	UBS Phillips & Drew
LB Schleswig-Holstein(a)◆	75	10⅞	101⅛	1994	1⅞/1¼	Mitsubishi Finance Int.
SWISS FRANCS						
Oce-Van der Grinten(a)★★◆	50	5¾	100½	1992	n/a	Credit Suisse

★★Private placement. ◆Final terms. a) Non-callable.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on August 16

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
B.F.C.E. 7 92	150	95⅝	96⅛	+0⅛	−0¼	8.79
B.F.C.E. 9¼ 95	150	101⅞	102⅜	+0½	−1	8.78
Brit. Tel. Fin. 9⅞ 98	250	103⅛	103½	+0⅛	−0⅝	8.83
BP America 9¾ 99	250	*†103	103¼	0	−1⅛	9.23
Canada 9 96	1000	102⅜	102¾	−0⅛	−0⅞	8.47
Canadian Pac 10⅛ 93	100	*†102	103	0	−0¼	9.91
C.C.C.E 9¼ 95	300	102	102½	−0⅛	−0½	8.70
C.N.C.A 9⅞ 93	150	101⅛	101½	+0⅝	−0⅞	5.98
Credit National 8¾ 93	200	98⅜	98¾	+0⅛	−0½	8.72
Credit National 7⅞ 92	100	96¼	96⅞	+0⅛	−0⅜	8.81
Credit National 9½ 92	160	101⅜	101⅞	+0¼	−0½	8.89
Dai-Ichi Kan 9⅞ 92	150	101⅜	101⅞	+0¼	−0½	8.99
Denmark 7⅛ 92	500	95¼	96⅜	+0¼	−0⅜	8.91
E.E.C. 7 91	100	96¼	96¾	+0⅛	−0½	8.71
E.E.C. 7¼ 93	250	95⅝	96⅛	−0⅛	−0½	8.62
E.E.C. 10 93	140	103½	104	+0⅛	−0⅜	8.72
Eurofima 10⅛ 93	100	†104⅛	104½	+0⅛	−0⅝	8.67
Elec. De France 9 98	200	101⅛	101⅝	+0⅛	−0⅜	8.75
Elec. De France 9½ 99	200	103¾	104¼	+0⅛	−0¼	8.85
Finland 9 96	250	101¼	101¾	+0⅛	−0⅝	8.69
Finn.Exp.Cd. 8½ 92	200	99	99⅜	+0¼	−0½	8.85
Finn. Exp. Cd. 9⅞ 95	200	102	102⅜	+0⅛	−1	8.90
Finn. Exp.Cred.10⅝ 91	100	101⅛	102½	0	−0½	9.13
Ford Motor Credit 8 91	250	†98	98½	+0⅛	−0⅜	9.17
Gen.Elec.Cap.Corp. 9 93	500	†100⅝	101⅛	+0⅛	−0⅜	8.72
Gen.Elec.Cap.Crp.10 1/2 92	300	101¾	102⅜	+0⅛	−0⅜	9.02
G.M.A.C. 9 96	300	99⅜	99⅞	+0⅛	−0⅜	9.07
Gen.Mtrs.Corp. 9¼ 92	200	100⅛	100⅝	+0¼	−0¼	8.91
IBM Credit Corp. 8⅞ 91	250	100⅛	100⅝	+0⅛	−0⅝	8.71
IBM Credit Corp. 9 92	250	101⅜	101⅞	+0⅛	−0½	8.34
IBM Credit Corp. 9½ 92	250	†101½	102	+0⅛	−0½	8.65
IBM Credit Corp. 10 92	200	†103⅛	103⅝	+0⅜	−0¼	8.53
Italy 9½ 95	1000	103½	104⅛	+0⅛	−0⅜	8.68
Italy 9⅝ 99	1000	104⅜	104⅞	+0⅛	−0⅞	8.87
Itoh C. W/W 4⅝ 94	1000	102	102⅛	+0⅝	+0⅝	4.10
Japan Dev. Bank 10 96	200	†105	105½	+0¼	−1⅜	8.92
L.T.C B.of Japan 9¼ 92	200	100⅜	100⅞	+0⅛	−0¼	8.99
Metropolis Tokyo 9½ 93	200	101⅝	102⅛	+0¼	−0⅝	8.80
Nippon Tel.&Tel. 9⅞ 98	250	102⅞	103¼	+0⅝	−1	8.87
Norway 8¾ 93	500	100	100½	+0⅛	−0⅝	8.63
Portugal 8¼ 91	300	†98	98½	0	−0½	9.42
Prudential Crp. 8⅝ 94	125	99⅞	100⅜	+0¼	−0¼	8.71
Sumitomo Bank 9⅝ 92	150	†101¼	101⅝	+0¼	−0¼	9.08
Sumitomo Corp. W/W 4 93	1500	103⅞	104⅜	0	+0⅛	2.86
Sweden 7 91	250	96¼	96⅞	+0¼	−0⅜	8.78
Sweden 8¾ 96	200	99⅞	100⅜	+0⅛	−0⅜	8.71
Sweden 8½ 92	200	†98⅞	99¼	+0⅛	−0⅜	8.89
Toyota 9½ 91	200	101	101½	+0⅛	−0⅜	8.84
Toyota Mtr.Corp. W/W 4 93	1500	103⅞	104⅛	+0⅛	+0½	2.94
Victorian Rep 11⅝ 92	150	105¾	106¼	+0⅛	−0½	8.98
World Bank 7 92	300	†96⅛	96⅝	+0¼	−0½	8.67
World Bank 9 97	300	101½	102	0	−0⅝	8.69
World Bank 9 93	300	100⅞	101¼	+0⅜	−0⅜	8.64
World Bank 9¼ 98	300	102¾	103¼	+0⅛	−0⅝	8.75
World Bank 9⅝ 99	500	104⅞	105¼	+0⅛	−1	8.81
World Bank 9¾ 96	300	104⅞	105⅜	+0⅝	−0⅞	8.72

Average price change... On day +0¼ on week −0⅜

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev BK. 6 94	200	96⅜	97	+0⅛	+0⅛	6.76
Austria 6¾ 99	750	99⅜	99¾	−0⅛	−0¼	6.87
Bank of Tokyo 5¾ 93	100	96	96½	−0¼	−1	6.97
Commerzbank o/s. 5⅝ 93	300	95¼	95¾	−0¼	−0½	6.89
Credit Foncier 6¾ 99	500	99¼	99¾	+0⅛	−0⅛	7.85
E I.B 5½ 98	150	91½	92¼	−0⅛	−0⅛	6.76
E.I.B. 6¼ 99	600	95½	96¼	0	−0⅜	6.85
E.I.B. 6⅛ 96	300	96½	97⅛	0	−0⅛	6.70
E I.B. 6½ 99	300	96⅞	97⅜	−0¼	−0⅜	6.89
E I B. 6⅞ 95	300	99⅞	100½	−0⅛	−0⅜	6.84
Euro.Coal& Steel 5⅞ 97	175	93⅞	94½	+0¼	0	6.87
Eurofima 6¼ 96	100	96⅝	97⅛	−0⅛	−0¼	6.81
Elec De France 5¾ 97	300	94¼	94¾	+0⅛	+0⅜	6.65
Hydro-Quebec 6⅞ 99	300	99⅛	99⅝	0	−0⅛	6.85
Japan Dev. Bk. 5⅝ 95	300	93¼	93⅞	+0⅛	0	6.78
Japan Finance 5¾ 97	100	92¾	93½	0	−0⅛	6.95
I.A.D.B 7¼ 99	300	102¼	102¾	0	−0¼	6.94
Ireland 6½ 97	300	96⅞	97¼	0	0	7.01
Ireland 7¼ 99	500	100⅞	101¼	+0⅛	−0⅛	7.10
Malaysia 6¼ 94	150	96⅝	97⅛	0	0	6.99
Nat. West BK. PLC 6 98	300	94¼	94⅝	+0⅛	+0⅝	6.87
N H.L. Finance 6¼ 95	200	†96¼	96¾	−0⅛	0	6.95
Nippon Telg.&Tel. 6 95	400	98	98¾	+0¼	−0⅛	6.20
Oesters Kontbk. 5 93	300	94¼	94¾	−0⅛	−0⅜	6.78
Portugal 5¾ 92	150	97¼	97⅞	−0⅛	0	6.71
Portugal 6⅝ 95	150	100¼	100⅞	+0⅜	+0½	6.49
Privatbanken 5¾ 93	150	94⅛	94¾	0	+0⅛	7.05
Royal Insurance 5½ 92	300	96¼	96¾	+0¼	0	6.97
Turkey 6½ 95	500	95½	96⅛	+0¼	+0¾	7.43
Union Bk.Finland 5⅝ 94	200	95	95½	0	0	6.76
World Bank 6 98	500	94⅛	94¾	−0¼	−0⅛	6.82
World BK. 6¼ 97	600	96⅞	97½	0	−0¼	6.93
World Bank 6⅜ 99	600	99⅛	99⅝	0	−0⅛	6.86

Average price change... On day +0 on week −0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev.Bk. 5 96	150	†95	95½	0	+0⅛	5.85
Asfinag 5 03	100	†91½	92½	0	+0¼	5.85
B F.C E. 4½ 98	200	†93½	93¾	+0⅜	+0⅜	5.42
B M.W Fin.Neth. 5 13	150	†88¼	88½	+0⅛	+0⅝	5.92
Britannia B/S. 4¾ 94	100	†90	91	−0¼	−0½	6.61
CIR Int. W/W 3 93	125	†94	95	0	−2	4.56
Credit Lyonnais 4¾ 00	100	†90¼	90¾	0	0	5.97
E.I B 4⅝ 98	150	†91¾	92	0	0	5.82
Fletcher Chall. 4⅞ 98	150	†85	86	−0½	+0¼	7.18
Kobe City 4⅝ 98	150	†92½	93	+0½	+0½	5.68
Leeds Perm B/S. 4⅛ 93	200	†92½	93½	0	−1	6.32
Malaysia 5¼ 98	100	†90	91	−0¼	−0¼	6.70
Maxwell Comm.Crp. 5 95	150	†89½	90½	0	+0¼	7.15
Nat. Bk. Hungary 5½ 94	75	†93	93½	0	−0	7.05
Nationwide Ang.B/S. 4 93	200	†92	92¾	−0¼	−0¼	6.29
Nippon Telg.&Tel 4⅝ 95	200	†95	95¼	+1¼	+1⅜	5 21
Oesters Ktbk. 5 03	75	†95	95¾	0	0	5.51
Prov Newfoundland 5 03	150	†92½	94	0	+0⅜	5.70
Thailand 4⅝ 95	200	†93	94½	0	−3⅛	5.91
World Bank 5 03	150	†92	93	0	+0⅜	5.80

Average price change... On day +0⅛ on week −0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Canada 6⅛ 91	80	101¼	101½	0	0	5.13
Canada 5⅝ 93	80	101¾	102	+0⅛	+0⅛	5.09
Eurofima 5 1995	20	98⅞	99⅛	+0⅛	+0⅛	5.18
E.I.B. 4⅞ 93	30	99	99¼	0	−0⅛	5.14
Ireland 5⅛ 93	30	99½	100	0	0	5.19
Norway 5⅛ 95	50	100	100¼	+0⅛	+0⅛	5.09
Sweden 4⅝ 93	50	98⅛	98⅝	+0¼	+0¼	5.11
World Bank 5⅛ 98	10	98⅝	99⅛	+0¼	0	5.29
World Bank 7 94	20	107⅛	107⅜	0	0	5.18

Average price change... On day +0⅛ on week +0⅛

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey Nat. 11⅝ 95 £	100	99	99½	+0⅛	−0¼	11.78
Aegon 7¾ 92 FL	100	101¾	102¼	0	−0⅛	7.74
Alg. Bk. Ned. 5¾ 93 FL	200	95⅝	96⅛	0	−0⅛	7.08
Austria 7½ 94 ECU	100	96⅛	96⅝	0	+0⅛	8.46
Bk.Nova Scot.14⅛ 90 AS	75	†96¼	97¼	0	+1⅛	17.23
Barclays Aus.13½ 91 AS	100	96⅛	96⅝	0	−0⅛	15.52
Belgium 8⅛ 94 Ecu	150	97¼	98⅜	0	−0⅛	8.65
BP Capital 9¾ 93 £	100	94⅝	95⅛	+0¼	+0⅛	11.50
British Airways 10 98 £	100	94	94½	+0⅜	+0½	11.05
Brit. Telecom 9½ 93 £	150	94¼	95⅛	0	−0⅛	11.28
Comm.Bk.Aust. 12⅝ 93AS	100	†94⅝	95⅛	−0⅜	+0⅜	14.43
CrLocalFrance 9¼ 92Ecu	100	102	102⅜	−0⅛	0	8.35
Deut.Bk.Aus. 13¾ 93 AS	125	†98⅛	98⅝	0	+0⅛	13.84
Deutsche Bk.Fin. 15 94 AS	100	103⅛	103½	−0⅛	0	13.95
Eastman Kodak 13 90 AS	100	96⅛	96⅝	0	+0⅛	17.13
E.I.B. 7 96 LFr	100	96⅝	97⅝	−0⅛	0	7.57
E.I.B. 9 99 Ecu	150	103	103⅜	−0⅛	+0⅜	8.50
Eurofima 7⅝ 94 Ecu	100	97	97½	−0⅛	−0¼	8.37
Export Dv.Crp.8¾ 92Ecu	100	100⅝	101⅛	−0⅛	0	8.34
Fed.Bus.Dv.Bk. 9 94 Ecu	100	100¾	101⅜	−0⅛	−0¼	8.73
Fed.Bus.Dv.Bk.9¼ 92 C$	75	†97¾	98¼	0	−0⅛	10.58
Fed.Bus.Dv.Bk.10½ 93C$	50	†100¼	100⅝	0	−0⅞	10.36
Ferrv. Stato 7¾ 93 Ecu	100	97	97½	0	+0¼	8.61
Ford Cr.Can.10¾ 93 C$	100	†99⅞	100⅝	0	−0¼	10.66
Ford Cred.Can.10⅞ 96C$	125	102⅜	102⅞	+0¼	−0⅜	10.28
Ford Cred.Fund.10¾ 93£	60	97⅜	97¾	0	+0⅛	11.49
Ford Mtr.Cred.7⅞ 93Ecu	100	97¼	97¾	+0⅛	−0⅛	8.71
G.M.A.C.Canada 11 3/4 94C$	100	103⅞	104⅜	+0¼	−0½	10.55
Heineken 7⅝ 94 FL	150	103⅛	103⅝	0	0	7.50
Hydro-Quebec 11 99 C$	400	104⅛	104⅜	0	−0⅞	10.28
Lloyds Bank 10¼ 98 £	150	94½	95	+0½	+0½	11.21
Lloyds Bank 11⅛ 98 £	100	97⅝	98⅛	+0¼	+0¼	11.74
Montreal Tst.10¾ 93 C$	100	†99⅜	99⅞	0	−0⅜	10.86
Morgan Guar.Tst. 11 91 C$	150	†99¾	100¼	+0⅛	−0¼	10.89
Nat. Aus. Bk. 14¼ 94AS	100	100	100½	−0⅜	+0¼	14.59
New Zealand 9½ 93 £	100	93½	94	+0¼	0	11.64
Philips Gloeil. 6 93 FL	300	96⅞	97⅜	0	+0¼	6.85
Privatbanken 7½ 94 LFr	500	97¾	98¾	−0¼	+0⅛	7.95
Royal Bk.Scot.10⅝ 98 £	125	96¾	97¼	+0⅜	+0⅜	11.21
Saskatchewan 9⅞ 91 C$	150	†97¾	98¼	0	−0⅜	11.06
Saskatchewan 10¼ 93 C$	200	99⅞	100	+0⅛	−0¼	10.34
State Bk.NSW. 13⅞ 93AS	100	97⅛	97⅝	−0⅛	+0⅛	14.67
Sweden 7½ 93 Ecu	250	97⅜	97⅞	+0⅛	+0⅛	8.17
Sweden 15 94 AS	100	103⅜	103⅞	−0⅜	−0⅝	13.81
Toyota Mtr.Cr.11⅝ 92C$	150	101⅝	102⅛	+0⅛	−0½	10.52
World Bank 13⅛ 92 AS	100	99⅜	99⅞	0	−0¼	13.51
World Bank 14 94 N.Z$	75	105¼	105¾	−0¼	−0½	12.27
Zentrspk. 13¼ 93 AS	75	†97¼	97¾	−0⅛	−0¼	14.06

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn
Alliance & Leic.Bld 94 £	.08	99.99	100.04	24/10	14.08
Bank of Greece 99 US	0¼	99.64	99.73	8/09	10.62
Belgium 91 US	0	100.21	100.31	19/08	9.38
Chelt.& Gloucester 94 £	.063	99.94	99.99	30/08	14.06
Credit Foncier 98 US	.063	100.11	100.21	20/10	10.16
Dresdner Finance 99 DM	.031	99.93	100.03	30/10	6.97
EEC 3 92 DM	0	100.45	100.55	22/08	5.63
Halifax BS 94 £	.1	100.10	100.15	9/11	13.97
Invt. in Industry 94 £	0¼	100.10	100.20	24/08	14.06
Leeds Perm. B/S. 94 £	0¼	100.20	100.25	13/10	14.06
Midland Bank 01 £	.1	98.43	98.77	7/11	14.04
Milk Mkt.Brd. 5 93 £	0⅛	100.00	100.05	29/09	14.31
New Zealand 5 97 £	.07	100.00	100.10	22/08	13.19
State Bk. Nsw. 98 US	.188	100.33	100.43	11/02	8⅞
Woolwich Equit.BS. 93 £	0⅛	100.25	100.30	13/10	14.06
Woolwich 5 95 £	0⅛	100.06	100.10	22/08	13¼

Average price change... On day +0.00 on week 0.00

CONVERTIBLE BONDS	Cnv. date	Cnv price	Bid	Offer	Chg. day	Prem
Alcoa 6¼ 02 US	8/87	62.	120¾	121¾	+0⅞	5.51
Amer. Brands 7¾ 02 US	9/87	56.7	133½	134½	+1	−0.68
CBS. Inc. 5 02 US	4/87	200.	107¾	108¾	−0⅝	1.64
Primerica 5½ 02 US	4/87	66.75	75⅜	76⅜	+0¼	91.99
Eng.China Clay 6½ 03 £	9/88	4.8	105⅛	106⅛	0	4.81
Fujitsu 3 99 US	5/84	1106.	241⅛	242⅝	+1⅝	−6.04
Ladbroke 5¾ 04 £	6/89	7.1	103	104	+0¼	130.36
Land Secs. 6¾ 02 £	6/87	6.72	96⅝	97⅝	−0¼	9.88
Minolta Camera 2¼ 94DM	2/86	1004.	110	111½	+0¼	6.80
MCA Inc 5½ 02 US	9/87	69.62	107	108	0	11.71
Mitsubishi Bk. 3½ 04US	5/89	3266.	96¼	97¼	+0⅝	−1.79
Next Plc 5¾ 03 £	11/87	4.3	101¼	102¼	+0½	226.11
Nishi Nipp.Bk 2⅞ 03 US	4/88	804.	122	123	+2⅛	0.30
Onoron Tateisi 2⅞ 02 US	4/87	1310.	281	282	+1	−4.33
Ranks Hovis 4¾ 03 £	1/88	3.5	126⅝	127⅝	+1¼	−1.12
Redland 7¼ 02 £	1/87	5.4	107⅜	108⅜	+0¼	1.31
Saatchi&Stchi.6¼ 03 £	†10/89	4.41	95	96	0	34.13
Silicon Graphics 8 04 US	6/89	23.18	99⅛	100⅛	+0¼	16.39
Sumitomo Bank 3¾ 04 US	2/89	4296.	91⅞	92⅞	+0½	8.19
Texas Inst. 2¾ 02 US	9/87	82.87	76¼	77¼	0	66.81
Utd N'papers 8 04 £	10/89	8.77	113¼	114¼	+1	109.46
W.R. Grace 6¼ 02 US	9/87	42.12	97⅛	98⅛	+0¼	17.36

* No information available-previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week = Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte = Date next coupon becomes effective. Spread = Margin above six-month offered rate (three-month; §above mean rate) for US dollars. C.cpn = The current coupon.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day = Change on day. Cnv date = First date of conversion into shares. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Midland Montagu's NZ branch to close

MIDLAND Montagu New Zealand, a branch of Sydney-based Midland Montagu Australia, is to close in the near future, Reuter reports from Auckland.

Mr Glenn Hilleard, the company's general manager, said: "Sydney has decided that we shall cease operations in the foreseeable future, probably in the next six weeks. We had a very finite capability and we feel that capability can probably be almost as well serviced from Sydney, without the outlays.

"So... it's back to basics for us."

The New Zealand operation, which employs seven people, specialises in corporate foreign exchange and options business.

Mr Hilleard said that neither the state of New Zealand's economy nor the big allowance for Third World debt which hit profits at Midland Bank, the British parent, had influenced the decision to quit the country.

● The Jeddah-based Islamic Development Bank (IDB) is setting up a department to invest in shares, real estate and trade between member states.

The $100m capital is to be raised from the private sectors in both member and non-member states.

Chicago Board of Trade sets up ethics body

THE CHICAGO Board of Trade (CBOT) has established an ethics committee and has proposed adding another non-exchange member to its board of directors, Reuter reports from Chicago.

The CBOT, the world's largest futures trading arena, has moved to restore customer confidence since the Justice Department announced the indictment of 46 Chicago futures traders two weeks ago.

The charges against traders at both the CBOT and the Chicago Mercantile Exchange were the result of a federal investigation of fraudulent trading activity at the exchanges.

The committee was created to examine all aspects of floor trading and operations and to propose new rules and regulations.

Last week the exchange increased its maximum limit on fines to $250,000 from $75,000 per violation.

Mr Karsten Mahlmann, CBOT chairman, said: "Integrity is the number one priority of this exchange."

The board of directors has appointed seven members to the committee and named Mr Tyrone Fahner, a former Illinois attorney-general, to serve as special counsel to the group.

INTERNATIONAL CAPITAL MARKETS

US Treasuries inch higher ahead of economic data

By Karen Zagor in New York and Katharine Campbell in London

US TREASURY bonds drifted slightly higher yesterday morning as the debt market waited for upcoming new-issue supply and economic data.

In early afternoon trading the Treasury's benchmark 30-year bond was up ⅛ point at 99⅞ yielding 8.15 per cent. Fed funds, the rate at which banks lend to each other overnight, dipped to 9 per cent, at the lower end of the perceived target range of 9 to 9¼ per cent.

GOVERNMENT BONDS

The Federal Reserve did not arrange open market operations yesterday. This was seen as further evidence that the central bank has no immediate plans to change its credit policy.

When the Fed failed to enter the market on Tuesday, with Fed funds at 9⅛ per cent, there was speculation that the bank had allowed the funds to move fractionally higher. Such a move would have asserted the central bank's independence in the face of a comment from President George Bush that interest rates were not falling fast enough.

The dollar changed hands at Y142.05 and DM1.9410 at mid-day in New York, below its London mid-day highs of Y142.53 and DM1.9500.

Wall Street was unmoved by yesterday's release of July's industrial production data, which showed a rise of 0.2 per cent. Furthermore, the 0.8 per cent increase in July's housing starts had little impact on trading.

The figures, which were in line with analysts' expectations, supported the wide-spread belief that a recession is not on the horizon.

The market is now waiting for today's report on the June US trade deficit and Friday's release of July consumer price figures.

■ A combination of favourable economic data and a stronger US Treasury market helped UK gilt-edged securities to trade moderately firmer yesterday, although dealers warned that today's average earnings figures and tomorrow's inflation numbers had injected a note of caution into the otherwise positive tone.

Gilts began the day weaker, but reports of intervention by the Bank of England to support sterling helped the domestic market.

Later, news that July's public sector debt repayment was £1.4bn – at the upper end of economists' forecasts – confirmed the positive tone, and the market continued to trade up during the afternoon in tandem with US Treasury bonds.

The Treasury 2003-2007 closed at 116⅛, after 115⅝ the previous day. The September long bond future closed ⅜ firmer at 96.31.

■ The German market passed a generally quiet day, pulled along later by gains in US Treasuries.

At the official fixings some bonds were priced 5 pfennigs higher, helped by the slightly lower fixing of the dollar, which was DM1.9424 yesterday compared with DM1.9456 on Tuesday.

Dealers said the market failed to react to the terms of the two tranche variable-rate repurchase agreement which totalled DM22.6bn, when DM 24bn of funds was draining from the market.

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	107-11	+10/32	10.68	10.69	10.83
	9.750	1/98	98-24	+10/32	9.97	10.03	10.25
	9.000	10/08	98-24	+12/32	9.14	9.15	9.32
US TREASURY *	9.125	5/99	106-08	+7/32	8.18	8.03	8.04
	8.875	2/19	107-11	+10/32	8.21	8.10	8.10
JAPAN No 111	4.600	6/98	97.1296	+0.090	5.07	5.07	5.28
No 2	5.700	3/07	106.6530	+0.099	4.99	4.98	5.06
GERMANY	7.000	2/99	102.1000	+0.050	6.68	6.65	6.68
FRANCE BTAN	8.000	1/94	98.0178	+0.177	8.53	8.53	8.62
OAT	8.125	5/99	98.5300	+0.330	8.34	8.32	8.57
CANADA *	10.250	12/98	104.9250	+0.400	9.44	9.30	9.30
NETHERLANDS	7.000	3/99	99.9600	-0.030	7.00	6.97	7.04
AUSTRALIA	12.000	7/99	94.8985	+0.106	12.96	12.92	13.41

London closing, *denotes New York morning session
Yields: Local market standard. Prices: US, UK in 32nds., others in decimal
Technical Data/ATLAS Price Sources

Zapata in talks to restructure debt

ZAPATA, the US offshore drilling group, will not make the interest payments due September 15 to holders of its 10¾ per cent subordinated debentures due 1997 and those due November 1 to holders of its 10¾ per cent subordinated debentures due 2001, Reuter reports from Houston.

The group said its offshore drilling division had continued to post big losses and its marine protein division was experiencing a second consecutive year of poor fish catches.

Zapata said it had started debt restructuring discussions with its bank group and expected to present a financial plan to subordinated debt holders once a restructuring agreement could be reached.

The company said its current debt agreement, which was entered in 1987, was based on a forecast of a significant recovery in the offshore drilling industry, which has not occurred.

Zapata said it was not in default to its bank lenders and expected to remain in compliance with its loan covenants through 1990.

Pensions fillip for Australia's fund managers

Chris Sherwell on the lucrative spin-off expected from moves to lift retirement savings

Australia's fund management industry is hoping for a significant boost from incentives announced in Tuesday's budget for people to provide for their own retirement.

The changes represent an attempt to address problems posed by the country's ageing population, and to place the Government's policy on retirement, superannuation and pensions at the centre of its endeavours to lift national savings.

But they also spell positive news for life institutions, such as the AMP Society and National Mutual, and for large local commercial banks and foreign banks, such as Bankers Trust, which are big fund managers.

They now face a fresh bout of competition in a demanding market whose actual size is neither recorded nor known, but whose growth has been explosive in the 1980s. Superannuation funds alone have grown from A$17bn in 1983 to A$105bn (US$79.5bn) currently and will be growing by at least A$60bn each year in 10 years' time.

Tuesday's changes, billed by Mr Paul Keating, the federal Treasurer, as "historic," drew a mixed reaction. The local press called them a "grab for the grey vote," while a bank economist said they were "revolutionary." However, senior fund managers were more cautious.

No one doubts they mark a recognition that Australia's 80-year-old pension system cannot continue to provide security for its older citizens. Currently about 11 per cent of the 16.7m population is over 65, but this is projected to increase to 18 per cent – some 3.9m people – by the year 2020.

Paul Keating: 'historic' changes drew mixed reaction

The Government is therefore trying, through a combination of tax deductions and improved benefits, to encourage those now in the prime of their working lives to ensure a higher standard of living in retirement through saving.

The measures it has unveiled include:

● An increase of about 100 per cent in the tax deductions allowed for contributions to superannuation funds by self-employed people, together with improved deductions for workers in small employer-funded schemes.

● Substantial increases in superannuation benefits, through a 15 per cent rise in the so-called "reasonable benefit limits" which set lifetime ceilings on people's access to concessionally-taxed superannuation benefits.

● Integration of the tax and social security systems, first to lower the high effective marginal tax which pensioners pay on non-pension income, but more importantly to make all income received by pensioners tax free by 1995 – thereby making it more rewarding for them to have additional sources of income.

● Rules to ensure that superannuation paid on behalf of employees is not lost when they change jobs, and to ensure the payments are preserved until they actually retire. For women, occupying almost 60 per cent of all part-time jobs, there is also improved access to superannuation.

● Incentives for those already retired to use their lump sum payments to produce a source of regular retirement income, for example through the purchase of an annuity.

In a move of potentially even greater impact than these, Mr Keating also said he would consider the gradual introduction of a 3 per cent award to employees for superannuation, as part of the next financial year's centralised wage-determination process.

This would effectively repeat a 3 per cent award based on productivity improvements made under the national wage agreement of 1986, which was itself part of a wider effort by the Labor party Government to encourage the spread of superannuation.

Documents released with the budget show the extent of the Government's superannuation achievements so far, and of what is to come. At the time Labor came to power, in 1983, superannuation assets totalled just A$17bn. By June 1989 they were put at A$105bn.

According to a statement from Mr Keating and Mr Brian Howe, Minister for Social Security, "more than A$30bn of new contributions will flow into superannuation each year" by the turn of the century.

But they insist that the actual growth will be even larger, as these figures assume no improvement in contribution rates and coverage, and the Government "will ensure that both contribution rates and coverage will increase over the coming decade."

How reliable these figures are is being debated by the fund management industry. So too are the Government's overall claims for its new policy.

According to one economist, the age pension will not remain the cornerstone of its retirement strategy, as the Government insists, and will instead become a cushion on which the new arrangements rest. Likewise, analysts caution that, while the measures will promote private sector savings, the tax concessions behind them mean they are likely to be at the expense of public savings and of other private savings vehicles – in effect, they say, robbing Peter to pay Paul Keating.

US stock deal boosts market for covered warrants

THE EXPANDING market in covered warrants yesterday took an important step forward with the launch of the first warrant on a basket of American stock, Katharine Campbell writes.

Julius Baer and Salomon together led a consortium to place 100,000 covered warrants exercisable into shares on four stocks in the pharmaceutical sector – Pfizer, Syntex, Upjohn and Warner Lambert.

At the close of business on Monday the price of the four shares added up to $262.375. Salomon, who structured the deal, set the strike price at $249. The premium is about 23 per cent, and the package offers a gearing factor of 3.66.

An official at Salomon in London commented that the in-the-money structure appealed to Swiss investors, the primary target, because they preferred the lower premiums associated with in-the-money options. The deal was three times oversubscribed, according to Salomon.

The concept of covered warrants on specific sectors is not entirely new – some Japanese equity warrants have been sold grouped principally around the construction sector – and these have been criticised because they prove illiquid in the secondary market.

But some fund managers are excited about the possibilities for sector derivative products.

Mr Trevor Robinson, at Scottish & Provident Investment Management, said yesterday such instruments would confer added flexibility in adjusting the weightings of particular sectors within a portfolio, although he added that many UK fund managers would prefer the baskets to be traded on an exchange, where a clearing house confers added credit security.

Mr Quintin Price, at options broker James Capel, forecast that while such baskets would initially be targeted towards retail investors, who are prepared to pay up considerably for the convenience of the packaging, institutional investors would eventually be attracted by the efficiencies such baskets could deliver.

Elsewhere, Robert Fleming became the first UK firm to launch a covered warrant in the growing market in UK shares. The Tate & Lyle warrants, of which about 40,000 were issued, represent a repackaging of existing Swiss franc-denominated warrants. While this technique is common in the Swiss market, this is the first time such a repackaging has occurred for a UK company's shares.

The warrants are priced at a strike of £1.43 per share, considerably in the money given the current share price of £2.97, give a gearing factor of two, and mature in November 1991.

Fleming argues that the 6.3 per cent premium makes the warrants considerably more attractive than other existing issues. But some market participants, who calculated that the implied volatility was about 30 per cent, reckoned the warrants were expensive, particularly given they were so far in the money.

Earlier in the day Morgan Stanley, one of the leading players in the Swiss covered warrant market, brought its first issue on UK shares. The deal consists of 10m British Gas warrants which, with a strike price of 180p, are also in the money. They carry a two-year maturity and the premium is 69p.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS. Figures in parentheses show number of stocks per section	Wed Aug 16 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Tue Aug 15 Index No.	Mon Aug 14 Index No.	Fri Aug 11 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (207)	1002.46	+0.3	10.72	4.83	11.45	20.88	999.69	1001.05	1011.25	804.85
2 Building Materials (29)	1211.26	-0.4	12.37	4.39	10.06	26.47	1216.34	1219.10	1239.29	1025.71
3 Contracting, Construction (38)	1604.35	+0.5	14.58	4.36	8.96	33.67	1595.79	1597.77	1622.20	1599.14
4 Electricals (9)	2994.51	–	7.81	3.86	15.84	52.79	2993.56	2970.32	2991.33	2164.31
5 Electronics (30)	2263.42	+0.2	8.59	3.31	15.08	47.99	2259.92	2261.65	2281.13	1749.09
6 Mechanical Engineering (55)	546.13	+0.8	9.91	4.00	12.32	10.50	542.00	542.65	551.48	425.10
8 Metals and Metal Forming (6)	518.01	+0.3	19.88	5.79	5.57	14.84	516.54	517.48	523.42	485.39
9 Motors (17)	362.97	+1.1	19.58	4.25	11.06	8.25	359.13	359.05	365.12	281.36
10 Other Industrial Materials (23)	1835.55	+0.3	8.51	3.82	14.83	34.02	1829.71	1837.03	1825.99	1317.06
21 CONSUMER GROUP (186)	1356.37	+1.1	8.83	3.15	15.44	22.10	1341.43	1338.60	1353.43	1095.94
22 Brewers and Distillers (22)	1545.74	+2.0	8.62	3.16	14.51	25.65	1515.65	1513.70	1522.95	1132.62
25 Food Manufacturing (20)	1188.35	+1.1	8.50	3.52	14.73	21.64	1174.98	1172.91	1185.73	988.17
26 Food Retailing (14)	2623.03	+0.9	7.61	2.63	17.36	38.57	2600.11	2585.65	2624.80	1968.91
27 Health and Household (14)	2488.04	+1.2	5.91	1.66	19.96	22.32	2457.59	2465.47	2487.71	1829.78
29 Leisure (33)	1771.36	+1.1	7.11	3.15	17.44	31.23	1751.95	1745.66	1764.82	1374.63
31 Packaging & Paper (15)	617.90	+1.0	9.49	4.81	13.31	9.63	611.71	612.28	619.58	527.13
32 Publishing & Printing (19)	3858.78	+0.4	8.23	4.31	15.65	88.95	3843.04	3839.43	3873.68	3536.05
34 Stores (34)	873.62	+0.5	10.02	4.17	13.02	17.02	869.40	864.97	882.68	816.40
35 Textiles (15)	574.74	+0.8	10.40	5.05	11.51	15.36	570.43	563.54	563.94	592.26
40 OTHER GROUPS (93)	1202.18	+0.6	9.61	3.97	12.66	23.13	1195.47	1197.44	1216.37	990.55
41 Agencies (17)	1620.36	+1.6	6.60	2.18	18.72	22.79	1594.65	1582.10	1602.35	1082.83
42 Chemicals (22)	1333.50	+0.1	11.13	4.65	10.60	40.83	1331.67	1338.98	1378.94	1050.72
43 Conglomerates (13)	1786.56	+0.6	9.57	4.56	12.29	28.35	1776.13	1804.46	1819.46	1207.35
45 Transport (13)	2450.79	+0.7	8.55	3.69	15.19	48.89	2433.02	2435.91	2462.54	1940.46
47 Telephone Networks (2)	1095.14	+0.5	11.20	4.53	11.64	22.38	1089.83	1096.11	1107.73	950.17
48 Miscellaneous (26)	1954.31	+0.5	8.38	3.87	15.53	29.44	1945.16	1915.22	1965.82	1283.53
49 INDUSTRIAL GROUP (486)	1239.72	+0.7	9.19	3.61	13.43	22.74	1230.43	1230.49	1245.48	976.36
51 Oil & Gas (14)	2185.29	+0.7	9.80	5.12	13.53	73.67	2170.25	2169.58	2191.52	1789.11
59 500 SHARE INDEX (500)	1320.31	+0.7	9.27	3.81	13.45	26.89	1310.71	1310.52	1326.14	1045.42
61 FINANCIAL GROUP (124)	792.88	+0.8	–	5.12	–	23.83	786.56	785.36	793.98	699.32
62 Banks (9)	793.01	+1.6	21.79	6.29	6.83	33.83	780.47	778.23	792.04	663.64
65 Insurance (Life) (8)	1198.73	+0.8	–	4.98	–	29.86	1189.58	1190.22	1201.19	1047.94
66 Insurance (Composite) (7)	627.57	+0.3	–	5.78	–	18.82	625.51	625.36	630.01	541.69
67 Insurance (Brokers) (7)	945.20	+1.0	7.99	6.57	16.84	31.89	935.48	934.04	949.63	963.29
68 Merchant Banks (10)	369.34	+0.2	–	4.29	–	7.36	368.56	366.77	369.23	358.86
69 Property (52)	1381.87	+0.3	6.14	2.83	20.73	18.67	1377.20	1375.62	1383.66	1222.23
70 Other Financial (31)	374.66	-0.1	10.74	5.84	11.98	9.83	375.21	374.94	377.50	380.07
71 Investment Trusts (69)	1264.60	+0.4	–	2.64	–	16.93	1259.38	1253.77	1265.22	989.33
81 Mining Finance (1)	715.98	+0.4	8.35	3.58	13.28	15.84	713.41	712.13	723.68	512.38
91 Overseas Traders (8)	1409.75	+1.3	9.88	5.04	11.56	43.33	1391.33	1388.21	1408.49	1165.32
99 ALL-SHARE INDEX (702)	1192.13	+0.7	–	3.97	–	25.67	1183.44	1182.81	1196.73	955.26

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Aug 15	Aug 14	Aug 11	Aug 10	Aug 9	Year ago
FT-SE 100 SHARE INDEX§	2345.8	+19.6	2345.8	2329.6	2326.2	2325.9	2354.2	2347.3	2360.4	1830.9

FIXED INTEREST

PRICE INDICES	Wed Aug 16	Day's change %	Tue Aug 15	xd adj. today	xd adj. 1989 to date
British Government					
1 5 years	118.58	+0.10	119.08	0.61	7.80
2 5-15 years	135.01	+0.25	134.67	–	8.64
3 Over 15 years	147.92	+0.45	147.26	–	7.97
4 Irredeemables	169.82	+0.34	169.24	–	7.32
5 All stocks	132.54	+0.23	132.46	0.21	8.39
Index-Linked					
6 5 years	141.62	+0.06	141.53	–	1.36
7 Over 5 years	139.70	+0.11	139.54	–	2.50
8 All stocks	139.72	+0.11	139.57	–	2.39
9 Debentures & Loans	114.85	+0.03	114.82	–	6.77
10 Preference	89.17	–	89.17	–	3.54

AVERAGE GROSS REDEMPTION YIELDS		Wed Aug 16	Tue Aug 15	Year ago (approx.)
British Government				
1 Low Coupons	5 years	9.38	9.44	9.80
2	15 years	9.07	9.11	9.46
3	25 years	9.02	9.05	9.14
4 Medium Coupons	5 years	10.31	10.34	10.24
5	15 years	9.48	9.52	9.68
6	25 years	9.14	9.19	9.38
7 High Coupons	5 years	10.44	10.46	10.35
8	15 years	9.68	9.72	9.84
9	25 years	9.30	9.35	9.40
10 Irredeemables	†	9.08	9.11	9.73
Index-Linked				
11 Inflation rate 5%	5yrs.	2.90	2.91	3.85
12 Inflation rate 5%	Over 5 yrs.	3.47	3.48	3.87
13 Inflation rate 10%	5yrs.	2.17	2.18	2.88
14 Inflation rate 10%	Over 5 yrs.	3.32	3.32	3.72
15 Debs & Loans	5 years	12.95	12.95	10.85
16	15 years	11.78	11.71	10.83
17	25 years	11.65	11.60	10.83
18 Preference		10.23	10.23	9.80

§Opening index 2329.6; 10 am 2337.5; 11 am 2340.2; Noon 2336.8; 1 pm 2336.7; 2 pm 2338.4; 3 pm 2341.8; 3.30 pm 2341.2; 4 pm 2340.5 (a) 5.00pm (b) 9.00am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL, price 15p, by post 34p.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	98	1	6
Corporations, Dominion and Foreign Bonds	10	0	34
Industrials	437	277	860
Financial and Properties	226	85	357
Oils	35	14	43
Plantations	6	0	5
Mines	53	18	104
Others	108	51	118
Totals	973	446	1,527

LONDON RECENT ISSUES

EQUITIES

Issue price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -	Net Div.	Times Covered	Gross Yield	P/E Ratio
§75	F.P.	-	92	75	♯Alpha Estates 5p	88	+1	u2.81	1.9	4.3	16.6
§33	F.P.	11/8	42	35	♯Ambassador Sec. Grp. 5p	40		-	-	-	9.5
-	F.P.	-	66	61	Babcock Intl. Group 10p	65½	+1½	u3.0	1.7	6.1	11.3
§100	F.P.	-	126	108	♯Boxmore Intl. 10p	115		u5.2	1.9	6.0	11.1
§135	F.P.	-	156	146	♯Danbury Group 10p	148	-2	L5.06	2.0	4.6	8.8
85	F.P.	-	96	84	♯Diamond Group Hldgs 5p	91		L1.13	4.7	1.6	17.3
§62	F.P.	-	70	62	♯Forwell Group 10p	68		L1.8	3.0	3.5	12.4
-	F.P.	-	60	53	Hanson Warrants	54	+1	-	-	-	-
§135	F.P.	-	198	135	♯Le Creuset FF0.35	180	-1	R049.5	2.8	2.5	15.2
□	F.P.	-	450	425	Leveraged Opportunity Tst	447		-	-	-	-
-	F.P.	-	£101⅛	£99⅝	Morris (Philip) Co's. $1	£99⅝	-⅞	Q$4.05	2.5	2.6	15.7
500	F.P.	-	513	500	Nth. American Gas Inv Tst	503		K3.75	-	9.9	-
50	F.P.	-	51	45	Pacific Prop. Inv. Tst 10p	46		-	-	-	-
-	F.P.	-	21	17	Do. Warrants	20		-	-	-	-
§105	F.P.	-	112	110	♯Polar Electronics 10p	110		R4.5	2.7	5.5	9.2
†	F.P.	-	370	340	Presidio Oil "A" 10c	370		Q2.5c	-	0.4	-
§100	F.P.	-	122	100	Radiotrust	122		-	-	-	-
105	F.P.	11/8	71	55	Richmond Oil & Gas 10p	66		-	-	-	-
105	F.P.	-	122	111	♯Smith (James) Estates	121	+1	u3.0	0.9	3.3	35.8
-	F.P.	-	599	527	Smithkline Beecham "A"	587	+8	W-	-	-	21.4
-	F.P.	-	2788	2450	Do. Beecham/Beckman Uts	2701	+26	W-	-	-	19.7
□100	F.P.	24/8	110	101	Thornton Asian E.M.I.T. 10p	110	+3	-	-	-	-
§95	F.P.	-	115	95	♯Umeco	106		13.5	2.5	4.4	11.1
-	F.P.	10/7	186	63	WPP Warrants	168	-8	-	-	-	-
§109	F.P.	-	118	115	♯Westminster Scaffold. 10p	116		R5.0	1.6	5.7	13.2
§200	F.P.	-	265	245	♯Yorkshire Radio Netwk 15p	265	+8	84.0	2.1	2.0	24.9

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	113p	102p	Carlton Comms. 6.5p (Net) Cv.Rd.Pf 5p	108p	-1
100	Nil	-	2pm	¼pm	♯Corton Beach 7.5p(Net) Cv. Pf.	¾pm	
♦	F.P.	-	50¾p	50¼p	Gartmore Am. Secs. Zero Div Pf 5p	50½p	
100p	F.P.	28/7	104p	98p	Harwell 7¾p (Net) Cv.Pf. £1	98p	
100p	F.P.	-	117p	105p	Hunting Gibson 8¼pc Cv. Pf.	116p	+1
§100	F.P.	-	103	100	Leveraged Opportunity Tst Cv Uns Ln	102	
100p	F.P.	-	107p	98p	London Secs. 8¼pc Cv. Rd. Pf.	100p	+2
-	F.P.	-	100	99⅞	Nationwide Anglia 13⅞pc Bds. 13/8/90	99⅞	
§99.1	F.P.	-	105	99¼	Do. 4.25pc Index-Linked 2024	105	
100p	F.P.	-	103p	98p	Owen & Robinson 8½pc (Net) Cv. Pf.	101p	+1
§100	F.P.	21/8	105½	101½	Renaissance Hldgs 8.5pc Cv Ln 1994	101½	
§420p	P.P.	10/7	138p	107p	Tiphook Units	138p	+10
§100p	F.P.	25/7	121p	100¼p	WPP 8.25p Cv.Rd.Pf. 10p	121p	+2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1989 High	1989 Low	Stock	Closing Price p	+ or -
365	Nil	13/9	95pm	60pm	AIM Group 10p	61pm	+1
120	Nil	-	10pm	6pm	Astra Hldgs.	8pm	-1
9	6	8/9	12	7½	Bear Brand	8½	-1¼
265	Nil	-	31pm	18pm	Bredero Props	31pm	+11
12	Nil	-	1½pm	1pm	*Caspen Oil 10p	1½pm	+½
195	Nil	-	21pm	18pm	Control Techniques 10p	21pm	+3
145	Nil	15/9	23pm	6pm	Egerton Trust	8pm	+2
165	F.P.	15/8	180	166½	Glamar Group 10p	168	
305	Nil	-	68pm	58pm	♯Menvier-Swain Grp. 5p	58pm	-5
108	Nil	-	13pm	11pm	Nestor-BNA	13pm	
69	Nil	-	11pm	7pm	♯Sutherland Hldgs.	7pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. H Dividend and yield based on Prospectus or other offical estimates for 1989. K Dividend and yield based on prospectus or other offical estimates for 1990-91. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ▼ Issued by tender. ◊ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♦ Issued in connection with reorganisation merger or takeover. ‡ Allotment price. ♯ Unlisted securities market. ◊ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

● First Dealings Aug 7
● Last Dealings Aug 18
● Last Declarations Nov 9
● For settlement Nov 20

Calls in Lon Utd Inv, ML Labs, Amstrad, Kenmare, Ford Sellar Morris, Cookson, Atlantic Res, Tusker, Lels Inv, Owners Abroad, Tarmac, BAT, Tullow Oil. Puts in Control Secs, M.L. Labs, D.C Cook. P/C Storehouse

For rate indications see end of London Share Service

LONDON TRADED OPTIONS

BRITISH GAS generated the heaviest trading volumes among individual stocks on the London Traded Options Market yesterday, in what was again a generally subdued session.

The privatised utility stock saw a total of 2,923 lots traded, split between 1,833 calls and 1,090 puts. The busiest series were September 180 calls where 1,300 lots were recorded, taking open interest to 2,078 from 1,263. Dealers noted that while British Gas is always an active option, the covered warrants launched by Morgan Stanley had focused attention on the option, and the firm may have hedged its own exposure.

Total turnover yesterday amounted to 31,415 contracts, with calls amounting to 21,716 and puts to 9,699. Meanwhile, volumes in the FT-SE 100 index were lower than in the past couple of days. Volumes totalled 5,847, with puts (3,439) outweighing calls (2,408). Dealers commented that because the FT-SE futures contract was trading at a discount, a number of market participants were exercising August in-the-money calls, in series such as the August 2,150s, where open interest dropped from 1,451 to 1,126. Another active series was the September 2,100 puts, with 1,006 lots, and a change in outstanding contracts from 2,402 to 2,772.

Elsewhere, a good spread of stocks recorded volumes in excess of 1,000 lots. After British Gas, Hanson was the next most active individual option, recording a total of 1,859 lots, largely in call series (1,799). Considerable business was seen in the cheap and well out of the money November 200 calls, (738 lots) and also in the February 200 calls (756 lots).

The restricted life option Asda continues to attract a good deal of attention, and yesterday's volumes of 1,842 options were largely made up of 1,820 calls. Here the busiest series was the September 200 calls, showing a total of 1,109 lots. Open interest in that series has now risen to 7,535 contracts.

Other good performers included British Steel, with 1,343 lots made up of 1,024 calls and 319 puts and Jaguar, where 1,045 options were split between 560 calls and 485 puts.

Option	Calls / Puts
Allied Lyons (*544)	[illegible]
Brit. Airways (*200)	[illegible]
Brit. Gas (*181)	[illegible]
Smithkline Bchm. (*587)	[illegible]
Boots (*286)	[illegible]
B.P. (*295)	[illegible]
British Steel (*74)	[illegible]
Bass (*1097)	[illegible]
C & W (*572)	[illegible]
Cons. Gold (*1483)	[illegible]
Courtaulds (*368)	[illegible]
Com. Union (*407)	[illegible]
G.K.N. (*458)	[illegible]
Grand Met (*628)	[illegible]
I.C.I. (*1283)	[illegible]
Jaguar (*394)	[illegible]
Kingfisher (*339)	[illegible]
Ladbroke (*329)	[illegible]
Land Secur. (*596)	[illegible]
M & S (*214)	[illegible]
STC (*366)	[illegible]
Sainsbury (*289)	[illegible]
Shell Trans. (*436)	[illegible]
Storehouse (*236)	[illegible]
Trafalgar (*390)	[illegible]
Std. Chartered	[illegible]
Unilever (*641)	[illegible]
Ultramar (*335)	[illegible]
Brit Aero (*703)	[illegible]
BAA (*358)	[illegible]
BAT Inds (*875)	[illegible]
BTR (*468)	[illegible]
Brit. Telecom (*286)	[illegible]
Cadbury Sch (*393)	[illegible]
Guinness	[illegible]
GEC (*276)	[illegible]
Hanson	[illegible]
LASMO	[illegible]
P. & O.	[illegible]
Pilkington	[illegible]
Plessey	[illegible]
Prudential	[illegible]
Racal	[illegible]
R.T.Z.	[illegible]
Scot. & New	[illegible]
Tesco	[illegible]
Abbey Nat.	[illegible]
ASDA Grp.	[illegible]
Gateway	[illegible]
Amstrad	[illegible]
Barclays	[illegible]
Blue Circle	[illegible]
British Gas	[illegible]
Dixons	[illegible]
Glaxo	[illegible]
Hawker Sidd.	[illegible]
Hillsdown	[illegible]
Lonrho	[illegible]
Midland Bk.	[illegible]
R. Royce	[illegible]
Sears	[illegible]
Thorn EMI	[illegible]
TSB	[illegible]
Vaal Reefs	[illegible]
Wellcome	[illegible]
FT-SE INDEX (*2340)	[illegible]

August 16 Total Contracts 31,415 Calls 21,716 Puts 9,699
FT-SE Index Calls 2408 Puts 3439
*Underlying security price. † Long dated expiry months

UK COMPANY NEWS

Angry purchasers in a flat market

Andrew Taylor looks at the events leading to the Kentish Property creditors' meeting

FEW EXPERIENCES in the business life of Mr Keith Preston, chairman of the failed Kentish Property Group, can have prepared him for the hostility he faced from creditors in London on Tuesday.

The group's failure had been triggered by rising construction costs and low sales at one particular development at Burrells Wharf on the Isle of Dogs in London's docklands where Kentish had planned to build 349 flats, shops, offices and a leisure centre.

Some of the 280 people who had paid deposits totalling £2.58m to buy homes at Burrells Wharf and Bow Quarter, another large residential development proposed by Kentish in east London, were at Tuesday's creditors' meetings.

Receivers have warned buyers that the projects are unlikely to be completed as planned although everybody who has paid for a flat should get one.

They have refused to refund deposits to purchasers who want to pull out of contracts. Some purchasers, like Miss Fredelinda Telfer, a 29-year-old software specialist, say they may forgo deposits anyway.

They say the developments have been blighted by the events of the last two months and that they would lose a lot more than their deposits if they bought and the prices of the flats fell sharply.

Some of the most hostile criticisms of Mr Preston and fellow directors at Tuesday's meeting came from worried purchasers. Some wanted to know why Mr Preston had accepted a £800,000 dividend payment just seven weeks before the company's shares had been suspended.

Mr Preston said he had considered the company to be solvent right up until its shares had been suspended on June 19. He said he would refund the £800,000 paid to himself and his wife Kay if required by the liquidator. The dividend had been in respect of pre-tax profits of £4.67m Kentish made in 1988 and declared in April.

Insolvency experts say Mr Preston might be required to return the money if it could be shown he was aware of the company's precarious financial position when the dividend was paid.

One couple at Tuesday's meeting were particularly bitter that Kentish had allowed them to go ahead with the purchase of a £200,000 flat just three days before the group sought legal advice about its financial position on June 14.

According to the company's version of events it was unaware until late June and early July of the extent of the slowdown in sales at Burrells Wharf.

Halifax, Britain's biggest building society, which had lent £26m to Burrells Wharf, played a central role in events which led to the company's failure.

The society's announcement on July 25 that it had appointed a receiver to Burrells Wharf was made without warning, says Kentish. It had been left with no alternative but to petition the court for an administrator to be appointed to protect the interests of unsecured creditors.

The company until then had been trying to persuade Halifax that it was still viable and to make only small losses if the phasing of the development was rethought and loan terms altered.

Mr Preston told creditors that sales of flats at Burrells Wharf, despite a difficult property market, had been reasonable until interest rates rose in May. Contracts had been exchanged on only 14 out of 23 flats for sale in April and May. No flats at all had been sold in June.

The company had reappraised the scheme considering various options for altering the phasing of the development and changing some of the uses. The new proposals meant that at worst the project would make a net loss of about £8m.

Mr Preston said discussions were held with the company's auditors in July, and Halifax was approached to ascertain if it would be willing to vary the terms of the loan or acquire the property themselves.

A report was prepared by directors over the weekend of July 15-16, detailing the action the group would have to take to compensate for the slowdown in sales and projected losses on Burrells Wharf. A meeting was held with Robert Fleming, the company's sponsoring bank, on July 18 and the company's shares were suspended the next day. Six days later, Halifax announced it had appointed a receiver to the project.

On August 2, Mr Roger Powdrill and Mr Nick Lyle, partners of Spicer & Oppenheim, were nominated as joint liquidators to the group.

Creditors, however, wanted to know why directors had not been alerted to the company's financial plight in the spring when management accounts showed sales of only £855,000 in the first three months of 1989 compared with projected full-year sales of £60m and sales of almost £26m for 1988.

Mr Preston said directors had not been perturbed by the low level of completions in the first three months. Completions had been projected to rise sharply later in the year as indicated by the high level of deposits the group had achieved.

Figures prepared for the liquidators by the directors of Kentish Homes, the largest of the group's seven subsidiaries, which includes both Burrells Wharf and Bow Quarter among its developments, showed a deficiency of almost £19m to unsecured creditors after write-downs of assets.

MR KEITH PRESTON and his wife Kay own 69 per cent of Kentish Property Group. The shares were floated at 185p in 1987. They peaked at 342p just before the stock market crash in October 1987. Last month they were suspended at 61p.

Mr Preston in the flotation document issued by Robert Fleming, the group's bankers, is described as a chartered quantity surveyor, who qualified in 1968 and worked for a contractor and computer consultant in Canada before running a series of property development companies since 1972.

He had built a successful property business with his wife in east London when he acquired the voting shares of the holding company of the Kentish Property Group. The company, formed by a local housebuilder in Kent in 1962, had incurred considerable losses following the property crash in the mid-1970s. By the end of the decade it was involved in only a small number of projects.

Since 1980, the company has stopped housebuilding in Kent and concentrated on residential developments in north and east London. In 1986 it purchased 2.2 acres on the Isle of Dogs, in London's former docklands for a 20-storey appartment building, known as Cascades. Cascades remains the group's best known and most successful development.

Rexmore expands by 31% but chairman expresses caution

By John Ridding

REXMORE, a supplier of upholstery, textiles and timber, yesterday announced pre-tax profits of £2.26m for the year to April 1, an increase of 31 per cent on the previous year's £1.73m.

However, Mr Michael Rosenblatt, chief executive, expressed caution concerning the current year because of the effects of higher interest rates on consumer expenditure. The shares eased 1p to 59p.

He said that the contract furnishing division, which accounts for about half of group turnover, "had performed well during the period" and "appeared unaffected by the slowdown in expenditure."

The timber division also showed a good improvement but was experiencing mixed fortunes. The DIY part of the business, principally based in the north of England, continued to trade steadily, but supplies to furniture manufacturers were hit by the fall in consumer demand at large retail outlets.

The worst affected division was textiles. Sales were buoyant and the division contributed £750,000 to profits. But, according to Mr Rosenblatt, "in May the market went flat virtually overnight."

Turnover increased from £51.22m to £60.23m and earnings per share rose from 7.08p to 9p. A recommended final dividend of 1.55p gives a total of 2.25p (1.8p).

GEC/Siemens to question if Plessey can sustain profits

By Hugo Dixon

THE UK'S General Electric Company and Siemens of West Germany will question Plessey's capacity to sustain its profitability in the offer document for their smaller electronics rival which is due to be published later today.

By throwing doubt on Plessey's underlying profitability, the Anglo-German consortium hopes to convince Plessey's shareholders that its 270p per share final offer for the company is generous.

Plessey has argued that the offer, which values it at £2bn, is too low and that shareholders would do better by keeping their money in what it contends is one of the UK's most innovative electronics groups.

GEC and Siemens will also argue in their document that a link-up between Plessey's businesses and their own will help maintain the long-term health of the UK's and Europe's electronics industries.

Plessey, they are expected to say, is too small to survive on its own, whereas a pooling of research and development expenditure between the three groups would enable them to improve efficiency and compete more aggressively against Japanese and North American rivals.

TR Australia claims 40% support

TR AUSTRALIA, the £45m investment trust which is seeking to change its investment policy in the face of opposition from River Plate & General, its 29.9 per cent shareholder, yesterday claimed that holders of over 40 per cent of its shares *intend to vote in favour of its* scheme, writes Nikki Tait.

The scheme – which would involve a switch in investment policy to that of a higher-yielding Far Eastern fund, coupled with the introduction of a series of possible wind-up dates for the trust and a scrip issue of warrants – will be put to shareholders at an extraordinary meeting on September 1.

However, River Plate, part of the Jupiter Tarbutt stable, has told TRA, managed by Touche Remnant, that it intends to vote against the proposals. The shareholder intends to put forward its own scheme which would give shareholders the option of either taking a cash exit route at close net asset value, or of staying in a successor trust with an investment policy similar to that suggested by TRA.

● Various members of the US-based Grace and Pinto families have increased their stake in TR Technology, a split-level trust also managed by Touche Remnant. They now hold 6.78 per cent of the ordinary shares.

US investor raises DRG stake

By Clare Pearson

MR ROLAND Franklin, the US-based investor, has lifted his stake in DRG, the Sellotape and Basildon Bond paper and packaging group, to 21.7 per cent.

Pembridge Investments, Mr Franklin's Bermuda-based share buying vehicle, bid institutions for the extra 5.6m shares on Tuesday. They were acquired at a price of 550p each. Yesterday, DRG shares closed 12p up, at 562p.

Last month Mr Franklin increased his stake in DRG to 16.6 per cent, having gained clearance from the US regulatory authorities to buy up to 25 per cent of the equity.

Mr Moger Woolley, DRG chief executive, has made it clear that he regards Mr Franklin's stake as highly unwelcome. Yesterday he said this latest increase was only to have been expected, since it followed on from the buying Mr Franklin had started last month.

He said: "I have no knowledge of what he is up to. But I should have thought he must be prepared to go the whole hog and bid for the company, if nobody else turns up."

Mr Franklin is a veteran of the 1970s banking crisis and has had business dealings with Sir James Goldsmith.

Henderson Crosthwaite Institutional Brokers said it had arranged for the purchase of all the 5.6m shares from a number of institutions.

East Surrey Water plans to obtain public quote

By Andrew Hill

EAST SURREY Water Company is planning to convert to public limited company status and reorganise its existing share structure.

The proposals will have to please Mr Duncan Saville, an investor based in Australia, whose investment vehicle, Associated Insurance Pension Fund, owns 28 per cent of East Surrey's voting capital. He is thought to be broadly in favour of the possibility of East Surrey becoming a plc.

In January, AIPF linked with Southern Water Authority to mount hostile bids for two statutory companies. The offers were defeated by higher agreed bids from French water companies.

East Surrey, which supplies water in Thames Water Authority's region south of London, looks like becoming the first of the UK's 29 statutory companies to follow the conventional path to plc status as laid down in the 1989 Water Act, which privatises the 10 larger water authorities.

Mr Ian Foster, East Surrey general manager, said yesterday that conversion would make it easier for the group to diversify into related areas.

The company, which cannot reveal details of its plans before September 1, will ask shareholders' approval for the simplification of its complex capital structure into two classes of shares and for conversion to plc status.

If the resolutions are approved by investors holding more than 25 per cent of each class of stock, the restructuring proposals will be put to the Environment Secretary. Gaining his approval could take six or seven weeks according to East Surrey's advisers.

The majority of the remaining independent statutory companies are expected to apply for conversion to plc status, which would free them from existing voting and dividend restrictions.

AAF tangible assets up 14%

AAF Investment Corporation reported net tangible assets per share of 164p at June 30 – an advance of 14 per cent on the figure a year earlier.

Pre-tax profits amounted to £1.59m for the six months to end-June compared with £6.67m.

Commenting on the earnings per share figure of 9p (8p), Mr Jeffrey Liebesman, chairman, said it was "much more soundly based as it derives largely from interest on the cash proceeds of last year's *profitable* and timely disposals."

Turnover was £256,000 (£89.63m).

The gross interim dividend is raised to 4.5p (2.5p).

Sale by Applied Holographics

Applied Holographics, the USM-quoted maker of holograms, is selling its Swiss origination unit to Mr David Greenaway, who runs it, for £540,000, writes Clare Pearson.

The Applied Holographics International subsidiary is paying £5,000 to acquire Mr Greenaway's shareholding in Applied Holographics Embossed. This is the mass production subsidiary which the Swiss unit developed technology for.

Mr Ozzie Boxall, chairman, said the need for the Swiss *operation had significantly* diminished with the expansion of the group's capabilities. The sale would also reduce costs. In the year to March Applied's pre-tax loss was £2.2m (£1.4m).

Ex-chairman sells 13.4% stake in Stanley Gibbons

By Ray Bashford

MR CLIVE Feigenbaum, who *resigned as chairman of* Stanley Gibbons in 1984 following the company's failed attempt to gain a quote on the Unlisted Securities Market, has sold his 13.4 per cent holding in the internationally renowned stamp dealer.

Stanley Gibbons said yesterday it believed that the disposal had removed "the remaining connection between Stanley Gibbons and Mr Feigenbaum".

The Stock Exchange refused the company entry onto the USM *following investigations* into allegations about Mr Feigenbaum's financial background. At the time of his chairmanship he controlled 57 per cent of the company's capital.

The holding was sold to Ionian Securities shortly after his resignation in April 1984 but Mr Feigenbaum re-emerged publicly as a shareholder early last year though several overseas interests.

The board of Stanley Gibbons is believed to have expressed concern about the former chairman's purchase of a new interest in the company. There were fears that this holding might be a hindrance to a fresh attempt to gain a quote on the USM.

The majority of Mr Feigenbaum's stake has been acquired by Vetmel, a company controlled by Mr Paul Fraser, a private investor who is a collector and retailer of pop records and memorabilia.

Mr Fraser, who will join the board of Stanley Gibbons, paid 51¾p per share, valuing the holding at £878,220.

A company controlled by Sir Ron Brierley, the New Zealand businessman, is the largest shareholder in Stanley Gibbons with 29.9 per cent of the capital. Mr Fraser's purchase price values the New Zealander's holding at £2m compared with the £1.8m paid for the holding.

UK COMPANY NEWS

Interim profits ahead 39% as occupancy rates rise in all divisions

Queens Moat launches £141m rights

By Clay Harris

QUEENS MOAT Houses, the hotels group, yesterday launched a £141m rights issue, its second cash call in less than a year, and reported a 39 per cent advance in interim pre-tax profits.

Profits rose to £24m (£17.2m) in the 27 weeks to July 9, on turnover ahead by 38 per cent to £148.2m (£107.7m). Queens Moat operates 143 hotels in five countries, with more properties on the continent than any other UK-based group.

Queens Moat shares closed 3p lower at 115p, compared with the 93p price of the one-for-four rights issue.

Mr John Bairstow, chairman, said Queens Moat was raising equity rather than adding to debt because Britain would account for more than three-quarters of its current £194m investment programme, and UK interest rates were too high.

"It's the wrong time for us to be taking advantage of our sterling facilities, except in deposit terms," he said.

By contrast, its continental expansion of the past two years has been funded almost entirely through local currency borrowing. At present, it is paying 7.25 per cent on the equivalent of £318m drawn through a multi-option facility.

This is less than half the 15 per cent rate it will be paying to bridge yesterday's £45m acquisition of three hotels until the rights proceeds are received.

Mr Bairstow said he was also less reluctant to proceed with another rights issue 10 months after a £57.5m call because shareholders who took up the first one were now showing a 72 per cent profit.

The group achieved 25 per cent organic growth in profits in the first half, and occupancy rates in all divisions improved from 1988 levels. These ranged from 70 per cent in West German Holiday Inns to 68 per cent in the UK and 60 per cent in Benelux countries and non-Holiday Inn hotels in West Germany.

Fully diluted earnings per share advanced to 3.33p from 2.42p (adjusted for a scrip issue). The interim dividend rises to 1.06p (0.848p), and Queens Moat said the final would show a matching 25 per cent increase.

The three hotels bought yesterday have a total of 398 bedrooms. They will be renamed the Wilmslow Moat House, Manchester (at present, the Valley Lodge), Nottingham Moat House (Savoy) and Clermiston Moat House, Edinburgh (Capital).

The £113,000 per bedroom paid in the latest deal is above the £85,000 average cost expected by Queens Moat in its current programme. Lower costs in West Germany help to pull down the average.

The rights issue and a revaluation of the group's hotels, which lifted the total by £102m to £1.31bn, or 120p per share, will reduce gearing from 60 per cent to 47 per cent, Mr Bairstow said. Interest cover is expected to emerge at about 3½ times for the full year.

In addition to the £318m drawn from the multi-option facility, Queens Moat also has £120m outstanding in mortgage debentures and a net £19m on deposit.

Holders of convertible preference shares will be offered the rights shares on a 25-for-44 basis.

See Lex

Assembled without tightening the screws

Norma Cohen and Maggie Urry examine MFI's refinancing package

MFI's refinancing package, the broad outline of which was announced yesterday, should enable the group to trade its way out of current difficulties, so long as the retail market does not deteriorate further.

That was the clear message from the company yesterday, which ended two months of negotiations with bankers and shareholders late on Monday night.

The refinancing was necessitated by poor trading conditions in the retail furniture market which had meant MFI was missing sales and profit targets. "The impact of reduced sales on cashflow has been substantial," the group said yesterday.

MFI appears to have been able to persuade its backers to give maximum support to the group.

The deal includes a £35m rights issue, which will largely be taken up by existing shareholders including directors; bridging finance to enable MFI to pay the £10m interest payment which was due yesterday and to increase working capital; and a deferral of a total of £60m of debt repayments until after April 1993.

Bankers said yesterday that the terms of the refinancing were surprising in that no sweetener is offered to senior lenders compensating them for accepting slower repayment terms and weaker protective covenants.

While reschedulings or stretch-outs of debt repayments often contain higher interest rates for bankers, MFI's revised terms maintain the margin at 1¾ percentage point over London interbank offered rates – considered by some bankers to have been somewhat tight for MBO financing from the start.

By comparison, Magnet's senior debt paid bankers 1¾ per cent over Libor. MFI will still have to repay £125m between now and the end of 1993, with the largest portion of the £60m deferral coming in 1989 and 1990

Also, bankers have not earned any up-front fees – typical in debt restructurings as a sweetener to compensate for slower repayment.

While the absence of higher margins and fees may indicate lenders' confidence in MFI's future, it may also be a reflection of just how precarious the company's situation remains.

"Some bankers don't like to kick them when they're down," said one banker involved in MBO finance.

The brunt of the rescheduling, somewhat unusually, has been borne by holders of senior debt. However, MFI's subordinated debt, totalling only £50m, is in the form of a zero-coupon bond which is not due for redemption until next year. Rescheduling of this portion would not have provided sufficient relief for the company.

Mr David Brock, MFI's marketing director, said the group's sales were still well below budget, although not as bad as the 18 per cent shortfall that they had been at the worst point of trading.

The cooler weather lately and the launch of new ranges of bedroom and kitchen furniture had begun to improve customer flow in the shops, he said.

He said costs had been cut back which would lead to savings in a full year of more than £10m and capital expenditure plans had been cut back by around £15m to £20m. The shop opening programme in the current year was intact but MFI had held back on investing in sites for openings further ahead.

Mr Brock thought that so long as interest rates did not rise again, the worst of the company's trading difficulties could be over. But he thought it could be 18 months to two years before customer confidence returned to normal. "When it does turn we will be in a first class condition to benefit," he said.

However, a stock market flotation now looked unlikely until after spring 1991 – the date when the original "ratchet," under which the management could increase its share of the group's equity, ran out.

A new ratchet had been introduced to continue after that date. Under this the maximum the management could take would be 10 per cent of the company.

Under the original ratchet the management could have received 20 per cent if certain stringent performance targets were met and the float took place next spring.

A new employee share option scheme will be proposed so that staff who took out share options earlier can maintain their interest in the group's equity.

New chiefs for GA as expansion plans sour

By Eric Short

GENERAL ACCIDENT's new chief general manager is to be Mr Nelson Robertson, currently a general manager, responsible for overseas and life operations.

Mr Robertson, who is 55, will assume the post at the end of the year, when the present chief general manager, Mr Buchan Marshall retires.

Meanwhile, Mr Robertson and Mr Tom Roberts are appointed deputy chief general managers with immediate effect.

City analysts noted that Mr Ian Menzies, aged 49, a general manager responsible for finance and investment, who was closely identified with the NZI acquisition, did not appear in the appointments.

Mr Robertson will be taking over at a time when the group's expansion beyond its traditional insurance operations have turned sour.

The half-yearly interim results also announced yesterday showed that traditional insurance operations in its main territories were no worse than expected.

The 13.5 per cent drop in pre-tax profits, from £146.2m to £126.5m, far worse than general market expectations, resulted primarily from losses of £29.3m arising from banking operations of the recently acquired NZI Corporation and the £9m deficit from the estate agency operations in the UK.

Underwriting losses, worldwide were down from £21.4m to £51.3m, but this was no more than anticipated. The US deterioration from £25.1m to £35.2m is not as bad as the general downturn in that country and the UK, despite some major fire claims, remained highly profitable, doubling to £19.1m.

Mr Robertson is optimistic that the corrective action being taken on the banking activities of NZI would result in a steady improvement in the situation.

Nevertheless, when asked whether one could see GA making any further major acquisitions of the NZI or any other type in the foreseeable future, the reply was simply "No!".

His theme for the future of GA in its worldwide insurance operations was "a steady progression at a non-spectacular rate."

Mr Robertson pointed to lower losses in the second quarter from the estate agency operations.

He emphasised that the development of this operation had a dual purpose – to provide a profit centre in its own right and to provide an additional distribution channel for the group's life and non-life products.

As a distribution channel, the estate agency network had made a vital contribution to the 27 per cent rise in new life annual premiums in the first six months from £20.2m to £25.6m – well above the industry average.

The market was disappointed with the 12.9 per cent interim dividend rise to 17.5p, given the underlying strength of the group's balance sheet and the share price fell 19p to 1029p.

Britannic Assurance premium income rise

Britannic Assurance yesterday announced a jump in ordinary branch premium income from £22.08m to £43.52m in the first half of 1989.

This year's figure included £12.37m received from the Department of Social Security in respect of appropriate personal pension business.

The company said it expected to receive further premiums of £52m from the DSS in the second half of the year.

Unit linked premium income dropped from £4.32m to £3.92m. In the industrial branch, premium income edged up to £52.75m (£52.32m), while general branch premium income was 4 per cent higher at £11.71m (£11.22m).

Britannic made an underwriting profit for the period of £1.06m (£130,000).

The interim dividend was raised from 5.6p to 6.5p.

Cambridge Inst plans Swiss merger to rival market leaders

By Ray Bashford

MR STEPHAN Schmidheiny, the biggest shareholder in Wild Leitz, will emerge with at least 41 per cent of the capital in the company created through a merger between Cambridge Instrument and the Swiss group. Both operate in the scientific and optical instrument making business.

Under the terms of the deal, foreshadowed early last month, Mr Schmidheiny, the 41-year old businessman who is on the boards of some of Switzerland's most prominent companies, will gain control of one of the world's leading optical equipment groups with an annual turnover of £500m.

Directors of the merged company, which will be listed on the London Stock Exchange as Leica, believe that the enlarged company will have a strengthened market position allowing it to meet the growing challenges from other companies in the industry such as Nikon, Olympus and Zeiss.

The terms of the merger have been under discussion for more than a year and the approaching establishment of the European single market in 1992 has strengthened the pressure for the achievement of a mutually satisfactory arrangement.

The deal will lead to an unspecified yet "material" dilution in the combined group's earnings per share, a sharp rise in gearing and a reduction in the interest cover, directors of the company said yesterday.

Cambridge is proposing to issue up to 119m shares to acquire Wild Leitz, which lists the upmarket range of photographic equipment sold under the Leica brand-name as the pride of its product range.

The shares are being issued at 58p – the price at which the shares were suspended last month at the request of the Cambridge board - valuing the company at £68.8m.

Wild Leitz is 77 per cent controlled by Unotec, a Swiss holding company, which in turn is wholly owned by Mr Schmidheiny. The remaining 23 per cent shareholding in Unotec is split between 90 other investors.

Following the issue, Wild Leitz will control 53 per cent of Cambridge's capital. In addition, Cambridge is purchasing the Swiss group's convertible bonds in exchange for subordinated bonds which carry the right to be exchanged for 20m Cambridge shares, lifting the overall holding to 55 per cent in the enlarged equity.

Through his controlling stake in Unotec, Mr Schmidheiny will personally have a 41 per cent stake in the combined group. However, Unotec is also making an offer to Cambridge shareholders to buy their shares at 70p. This could have the effect of further lifting Mr Schmidheiny's holding.

Over 50 per cent of Cambridge shareholders have already agreed to accept the terms of the overall merger plan with Wild Leitz. But small shareholders in the UK group who have seen their investment hit heavily as a result of trading difficulties may be tempted to accept the offer and take the 12p margin to the suspension price.

Unotec is a significant minority shareholder in several leading Swiss companies and at December 31 1988 had gross assets of £94.3m.

Mr Schmidheiny, a director of Nestlé, Union Bank of Switzerland and ABB Asea Brown Boveri, will join the board of the new enlarged optical group.

Mr Terence Gooding, the Cambridge chairman who will retain that position in the combined group, said that an integration and rationalisation programme will start as soon as approval is received for the terms of the merger.

The integration is expected to cost the combined group £93m, of which £27m will be in the form of cash expenditure.

Mr Markus Rauh, president of Wild Leitz, will become chief operating officer of Leica. He said that the combined group would have a gearing of 124 per cent, due primarily to borrowing from the Swiss group.

He said that the borrowing was well within the capacity of the company to meet but that a reduction to 100 per cent in the first 12 months and to 50 to 60 per cent in the two years after the merger was an important objective of management. The disposal of certain Swiss assets would help in lowering the gearing, he said.

Johnson Group jumps to £12.3m

By John Ridding

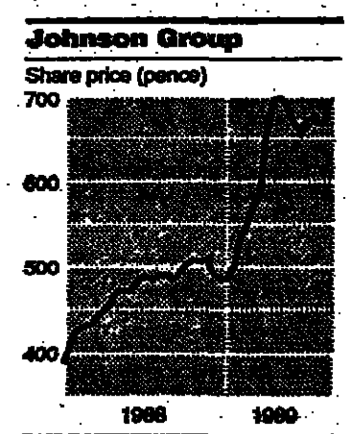
JOHNSON GROUP Cleaners, the largest dry cleaning group in the UK and US, yesterday announced pre-tax profits up from £6.75m to £12.34m for the six months to June 30. The result exceeded market expectations and the shares rose 25p to 698p.

The improvement included a £2.64m contribution from property disposals, compared with £112,000 last time, and profits of about £1.3m from the Dryclean USA chain, which was acquired in June 1988.

Mr Philip Bolloom, in his last chairman's statement before he retires in September, said that margins had improved in the UK both in textile rental and dry cleaning. Operating margins improved from about 14 per cent to 15 per cent, reflecting continued cost cutting.

In the US, where dry cleaning accounts for almost all of the business, the performance was described as "satisfactory". The results of Dryclean USA were said to have been "particularly encouraging".

There was a pension charge of £300,000, but figures for the comparable period were restated by a similar amount



because of the change in accounting standards relating to pension holidays.

Mr Michael Sutton, finance director, said that the hot weather in the UK had reduced volumes towards the end of the period and in July and August. He said that during hot weather people tended not to wear the type of clothing that needed dry cleaning and made fewer trips to the shops.

Turnover increased from £54.68m to £70.17m, and earnings per share, including property disposals, increased from 22.12p 39.92p. The interim dividend is increased from 5.2p to 7p.

At the end of the period, group borrowings stood at about £17m and gearing was about 30 per cent.

● COMMENT

Johnson's results were obviously flattered by the large property gains, acquisitions and a stronger dollar. But stripping all these factors out still leaves a solid 24 per cent growth at the operating level. The large property bonanza is now over, but there should still be another £300,000 or so in the second half. UK margins are high and will be difficult to improve further, and with about a quarter of the UK's dry cleaning already in Johnson's grip, the market is looking fairly mature. However, textile rental continues to expand and the fragmented US market, which is estimated at £2.5bn, provides ample compensation. A number of targets in the US are under consideration, but even without an acquisition full year profits should reach £22.25m. Yesterday's rise puts shares on a justified prospective p/e of just over 10.

RHM refinancing details expected

By Nikki Tait

RANKS HOVIS McDOUGALL, the food and bakeries group, is expected to unveil a refinancing of its 14.9 per cent holding in Goodman Fielder Wattie, the Australasian food company, via a £200m Euro-convertible issue shortly, possibly later today.

RHM, in which Anglo – the company being used by Sir James Goldsmith as a vehicle for his return to the UK corporate scene – holds a 29.9 per cent stake, acquired its interest in GFW during an abortive bid contest with the Sydney-based group earlier this year.

This £1.8bn bid by RHM for GFW followed a previous takeover assault, in 1988, by GFW on RHM. The Australasian company's offer lapsed when it was referred to the UK Monopolies and Mergers Commission, but GFW retained a 29.9 per cent interest in the British group.

When RHM turned the tables by bidding for the Australasian group in April this year, some negotiation between the groups did get underway. This, however, came to an abrupt halt when Goodman sold its RHM shares to Sunningdale, a new company in which Anglo holds a 35 per cent stake.

Additional backing for Sunningdale came from Mr Jacob Rothschild and Mr Kerry Packer. The Goldsmith/Rothschild/Packer trio is currently collaborating in the £13.5bn paper bid for BAT Industries.

In the wake of the Sunningdale deal, RHM called off its offer for Goodman, and there were suggestions that it would look to dispose of its 14.9 per cent stake in GFW – largely bought around the $2.50 per share level.

However, there have since been a series of developments at GFW itself, with the company making, and then calling off a controversial bid for Sir Ron Brierley's International Equity Ltd, and the group's share price waning in the intervening period. Yesterday, in London, Goodman shares were 4p higher at 114p – equivalent to around A$2.37 per share.

The aim of the RHM issue would be to allow the UK group to refinance the stake more beneficially, but not to impinge on its ability to dispose of the stake if it wished.

T&N Holdings

T&N Holdings, the South African subsidiary of T&N, made pre-tax profits of R14.1m, or £3.28m, for the six months to June 30, against R9.8m.

Turnover rose to R189.8m (R110m), but earnings fell to 38.6 (39) cents. The interim dividend is 11 cents (same).

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Anglo American Ind, Associated-Henriques, Blagden Industries, British Telecommunications, European Home Products, Gaskell, Microvitec, Quotient, River & Mercantile Geared, Vantage Securities.

FUTURE DATES

Interims-

ABS Kent	Aug. 24
BPP	Aug. 23
Blackwood Hodge	Aug. 30
Bodycote International	Sep. 12
Braime (TF & JH)	Aug. 29
Bridon	Aug. 24
Cairn Energy	Aug. 30
Conroy Petroleum	Aug. 25
Dewhirst (IJ)	Aug. 29
Goodhead	Aug. 22
Grafton	Aug. 24
Hillsdown	Sep. 6
Liberty	Sep. 22
Mecca Leisure	Sep. 5
Shorco	Aug. 30
Suter	Sep. 11
United Newspapers	Sep 28
Wates City of London Prop.	Aug. 24
Wereldhave	Sep. 6

Finals-

Adwest	Sep. 29
Black (Peter)	Sep. 5
Brierley Invs	Aug. 24
Cullens	Aug. 23
Heath (Samuel)	Aug. 23

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
AAF Investment ......int	4.5☆	Oct 12	2.5	-	6.5
Britannic Ass'ce ......int	6.5	-	5.6	-	16.6
Fife Indmar ......int	0.75†	-	0.75	-	3.75
General Accident ......int	17.5	-	15.5	-	44
Johnson Group ......int	7	Oct 5	5.2	-	23.1
Laird Group ......int	3.9‡	Dec 4	3.5	-	8.7
Nichols (Vimto) ......int	4	-	3.5	-	6.6
Plasmec § ......int	1.8	-	1.5	-	4.2
Portmeirion ......int	1.8	Oct 16	-	-	-
Queens Moat ......int	1.06†	Oct 20	0.848*	-	1.824*
Rexmore ......fin	1.55	Oct 4	1.25	2.25	1.8
SD-Scicon ......int	0.275	Nov 16	0.275	-	0.75
Smith (WH) ......fin	6.8	-	6	10.4	9
Standard Chart'd ......int	12.5†	Oct 6	12.5	-	35
Wentworth Intl ......fin	1.9	-	1.75	1.9	1.75

Dividends shown pence per share net except where otherwise stated. ☆Gross throughout. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡Final of 5.8p forecast.

PUBLIC WORKS LOAN BOARD RATES

Effective August 16

Years	Quota loans repaid by EPI†	Quota loans repaid At††	Quota loans repaid at maturity§	Non-quota loans A* repaid by EPI†	Non-quota loans A* repaid At††	Non-quota loans A* repaid at maturity§
1			11⅞			12⅝
Over 1 up to 2	11⅝	11⅝	11¼	12⅝	12⅝	12
Over 2 up to 3	11⅜	11⅜	10⅞	12⅜	12⅜	11⅝
Over 3 up to 4	11⅛	11⅛	10⅝	12⅛	12	11⅜
Over 4 up to 5	10⅞	10⅞	10½	11⅞	11⅞	11¼
Over 5 up to 6	10¾	10¾	10½	11¼	11¼	11
Over 6 up to 7	10⅝	10⅝	10⅜	11⅛	11⅛	10⅞
Over 7 up to 8	10⅝	10½	10⅜	11⅛	11	10⅞
Over 8 up to 9	10½	10½	10¼	11	11	10¾
Over 9 up to 10	10½	10½	10	11	11	10½
Over 10 up to 15	10⅜	10⅛	9¾	10⅞	10⅝	10¼
Over 15 up to 25	9⅞	9⅝	9⅜	10⅜	10⅛	9⅞
Over 25	9½	9⅜	9¼	10	9⅞	9¾

*Non-quota loans B are 1 per cent higher in each case than non-quota loans A. †Equal instalments of principal. †† Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Loss at SD-Scicon exceeds £1m

By Alan Cane

SD-SCICON, the computing services group, reported a loss in excess of £1m for the first six months of the year compared with profits of £4.34m in the comparable period of 1988.

Stockbrokers and shareholders had been prepared for poor figures following a spate of rumours earlier in the year, but nevertheless reacted with anger and dismay to the results.

One broker argued that the company should have issued a profits warning some months ago.

SD-Scicon attributed the loss to the cost of a far-reaching, 18-month restructuring programme designed to cut away unprofitable and marginal areas of its business.

First half revenues increased to £141.5m in 1989 from £78m in 1988, but the figures were not strictly comparable.

The 1988 figure included only a six-week contribution from Scicon, which Systems Designers (SD) acquired from British Petroleum in April 1988. The combined group made a good start last year with profits of £13.5m on revenues of £221.56m.

The group made a first-half operating profit of £5.5m in 1989, a slight increase on the 1988 figure of £5.3m.

The loss was incurred through three separate charges.

An exceptional charge of £6m arose from the disposal of various businesses in the US and UK and £2.2m was written off on a single project in the defence area, where poor management resulted in an uncontrolled rise in costs.

Finally an amount which was not separately identified was written off in restructuring.

Mr Philip Swinstead, SD-Scicon chairman, agreed this latter sum ran into many millions of pounds.

Mr Swinstead said the results were disappointing but that the re-organisation was essential to future profitable growth.

It has now focused its European operations in four companies so that in the UK SD deals with Government business while Scicon deals with the civil area.

In mainland Europe, Groupe Français d'Informatique I has responsibility for France while West Germany is in the charge of Scientific Control Systems.

The interim dividend is maintained at 0.275p.

● COMMENT

Software houses often suffer from a lack of focus in their business activities and in their management which complicates assessment of their prospects SD-Scicon, moreover, suffered the loss of its finance director, Mr JJ Jerram, after a boardroom disagreement at a particularly embarrassing moment. On balance, however, it should be given credit for deciding to clean its stables in a single, six-month period resulting in a slimmer, more powerfully-focused and easily analysed company which should be profitable this year in spite of the depressing interim results. It is concentrating its efforts on the European marketplace where the geographic distribution of its component companies create a powerful synergy. Furthermore, the companies it has retained in the US – especially Systems Control which specialises in vehicle emission analysis – earn good profits. Analysts are suggesting pre-tax profits of about £7m for the current year, well down on the £23m to £25m suggested at the time of the merger, for a prospective p/e in the region of 34 this year and 17 next.

Pergamon sells Oyez in £21m management buy-out

By Andrew Hill

PERGAMON AGB, which is disposing of peripheral operations in an attempt to reduce borrowings, has sold its Oyez stationery business for £21.2m to a team led by management.

The group, 57 per cent of which is owned by one of Mr Robert Maxwell's private vehicles, has now raised about £40.5m before tax from disposals, out of a target of more than £90m for the programme.

Pergamon AGB, which is to concentrate on its core market research business, will retain an interest in Oyez by subscribing £1.4m for convertible preference shares in the buy-out vehicle, Cabintree, and £700,000 for redeemable preference shares.

Pergamon AGB would be left with up to 11.36 per cent of Cabintree on conversion.

Cabintree has been formed by Mr David Cox, a former director of Oyez Stationery Group, which supplies specialist and commercial stationery to the legal profession.

Other members of Oyez's senior management and a syndicate of institutional investors are also involved. The £21.2m cash payment includes the settlement of inter-company loans of £5.5m.

Apart from Oyez Stationery, Pergamon AGB is selling Oyez Scotland, Waterlow Business Supplies and a forms publishing business.

In 1988, Oyez made £3m before tax on turnover of £26.1m and had net assets at December 31 of £1.1m, including loans.

Pergamon AGB said the sale would increase the book value of its net assets by £10.8m after tax and payment of loans.

Harrisons & Crosfield expands in US with $85m deal

By Nikki Tait

HARRISONS & CROSFIELD, which has been shifting its balance of business away from plantations and commodity trading in favour of chemicals, timber, builders merchanting and agricultural products, yesterday announced that it is expanding further into the builders merchants market in the US.

It is buying the Moores business from Grossmans Inc. for $85m (£54m) cash. The price includes a covenant by Grossmans not to compete with Moores in the future.

Moores has some 59 outlets spread across Maryland, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia and West Virginia. It serves both the trade and retail markets, with the former accounting for around 45 per cent of its business and the latter, 55 per cent.

The business has been subject to some considerable rationalisation by its former owners, with well over 20 depots closed in recent years. H&C said that attributable profits from the business being acquired were currently running at about $10.5m on an annual basis, on sales of some $300m.

The business is being acquired free of corporate debt and has net assets of approximately $76m. Senior management will remain with the company.

Harrisons & Crosfield, which operates the Harcros builders merchants business in the UK and also has interests in Eire and Australia, first moved into the US market in April 1988.

It acquired Woodburys, a much smaller US timber and building supplies company with nine outlets in New York and Vermont, for $9m to "give it a toe-hold in the market".

A new holding company, Harcros Lumber and Building Supplies, is being formed for the enlarged US interests, which will have combined annual sales of around $350m.

Laird calls for £35m to fund US purchase as profits advance 16%

By Andrew Hill

LAIRD GROUP, the sealing systems and engineering company, is to raise about £35.2m with a one-for-five rights issue.

The issue will fund the acquisition of 65 per cent of Panel Prints, a US speciality printing company, for about $24.5m (£15.5m), and is being made at 225p per share against yesterday's closing price of 264p, down 12p. Laird bought 35 per cent of Panel Prints in January for $12.3m with an option to buy the rest by 1990.

Laird also announced that pre-tax profits had increased 16 per cent from £17.4m to £20.2m for the six months to June 30.

Laird showed a net extraordinary profit of £9.9m in the first half on the sale of its loss-making transport systems division. That was after the £6.5m cost of closing Metro-Cammell Weymann (MCW), the vehicles business which dragged Laird into attributable losses last year. The sale of three other subsidiaries realised profits of £1.3m, also taken below the line.

MCW's Metrocabs taxi business and Metrorider range of buses and coaches have already been sold and although Laird is still negotiating the sale of the Metrobus double decker product line, the group said yesterday that the cash proceeds were unlikely to be material.

Sir Ian Morrow, chairman of Laird Group

Turnover in the first half, including £20.3m for the completion of outstanding MCW orders, was up to £276m (£254m).

Sealing systems made £18m (£15.1m) before interest and tax, while service industries profits dropped from £3.31m to £2.81m following disposals and a fire which disrupted some production. Specialist engineering profits more than doubled to £2.08m (£758,000) and transport systems – principally the cranes business, now sold – made £792,000 (£215,000).

Earnings per share rose to 14.6p (13.3p) and an interim dividend of 3.9p (3.5p) was declared. The group forecast it would pay a final dividend of 5.8p, which would make a total of 9.7p (8.7p) for the year.

● COMMENT

Laird's problems with the transport division have proved costly for the group's shareholders, in more ways than one. Had it not been for the extraordinary losses and costs of the last nine months, Laird might have been able to mop up the balance of Panel Prints without a rights issue. The flood of new paper could be one of a combination of factors conspiring to flatten out earnings in 1990. The other principal culprit is likely to be a temporary slowing in the growth of the sealing systems division, which serves the automotive industry and could be becalmed until a cluster of new cars are launched in 1991. Not to say the shares are unappealing. Having cleaned MCW out, Laird might now attract predators interested in the solid core businesses – a prospective p/e of less than nine does not yet account for that possibility. Investors sceptical about takeover prospects would be banking on the ability and desire of Laird's management to get earnings moving through organic growth. Analysts are forecasting pre-tax profits of some £42m for the full year.

John Green at £360,000 in maiden interim figures

IN ITS first results since joining the USM in April, John Green & Sons, a provider of specialist printing services, unveiled pro forma pre-tax profits of £360,000 for the six months to April 30 1989.

The result – which compared with profits of £313,000 in the comparable period – were posted on turnover 24 per cent higher at £1.87m (£1.51m).

Mr John Green, chairman of the Wakefield-based company, said that both the point-of-sale and textile operations contributed to the improved showing. But, he said that reduced consumer spending had resulted in increased competition and had placed margins under pressure. The group was maintaining market share, he stated.

Earnings per 10p share rose to 4.1p (3.7p). As indicated in the prospectus, there is no interim dividend.

The group also issued results covering the period from February 10 1989 – the date of its incorporation – to April 30 which showed taxable profits of £82,000 on turnover of £361,000.

Yearlings down

The interest rate for this week's issue of local authority bonds is $13\frac{5}{16}$ per cent, down $\frac{1}{16}$ of a percentage point from last week, and compares with 11½ per cent a year ago. The bonds are issued at par and are redeemable on August 22 1990.

Plasmec limited to £468,000 at halfway stage

Plasmec, the USM-quoted manufacturer of specialist plastic and metal components, yesterday reported taxable profits ahead from £436,000 to £468,000 in the six months to the end of June.

The outcome – achieved on turnover of £5.77m (£5.67m) – was struck after interest charges of £148,000 (£119,000). Mr John Crosse, chairman, said the interest figure would be reduced following receipt in June of £650,000 in respect of the first phase of the redevelopment of the group's Farnham, Surrey, site.

After tax of £164,000 (£153,000), earnings per 10p share rose to 6.6p (6.2p). The interim dividend is raised by 0.3p to 1.8p.

Acquisitive Wentworth rises 27% to £388,000

Wentworth International Group, a USM-quoted polythene film and bag maker, achieved a 27 per cent improvement in pre-tax profits, from £306,000 to £388,000 in the year to end-March 1989.

In February the group acquired Printway, a paper board carton maker, and the chairman said the search for further acquisitions continued. The company retained its commitment towards expansion into Europe.

Wentworth Energy had utilised significant resources in the development of its oil and gas reserves. Disposal of the group's interest in that company was under way and it was expected that the benefit of the group's diversion into energy activities would accrue to shareholders in the current year.

Turnover advanced 51 per cent to £8.55m (£5.66m). Tax took £4,000 (£101,000). The dividend is lifted to 1.9p (1.75p) while earnings per share advanced from 5.11p to 5.32p basic and from 4.86p to 5.03p fully diluted.

There was an extraordinary £43,000 credit this time.

Jump in disposal profits helps Vimto to £4.76m

A jump of £1.34m to £1.56m in the profits from the disposal of investments helped pre-tax profits at JN Nichols (Vimto) advance 55 per cent from £3.07m to £4.76m in the six months to June 30.

However turnover at this soft drinks and drinks vending group moved ahead 31 per cent to £23.47m (£17.86m), while, at the operating level, profits were £2.89m (£2.57m).

Other income totalled £317,000 (£276,000).

Tax took £1.5m (£1.08m), leaving earnings up at 18.7p (10.5p) per share.

Stripping out the gain from the investments disposal, earnings were 11.9p (9.8p).

The interim dividend is raised to 4p (3.5p) and there was an extraordinary loss of £1.65m (nil).

COMMODITIES AND AGRICULTURE

A woman's work is never done on the farm

By Bridget Bloom, Agriculture Correspondent

A WOMAN'S work is never done, they say, and on British farms that is becoming increasingly true.

According to a survey from Wye Agricultural College, farmers' wives are making a bigger and bigger contribution to farm work as the total agricultural workforce declines.

Although the total number of "farmers spouses" doing manual work held steady at about 56,000, their representation in the total agricultural workforce grew from 9.7 per cent in 1977 to 11 per cent in 1987, the survey shows. Over that period the number of people working on farm holdings in England and Wales dropped from 595,000 to 524,000.

According to the survey farmers' wives in England and Wales perform about 40m hours of manual work a year, equivalent to 19,000 full-time farm workers.

The picture is not consistent across the country, however, nor in every farming sector.

If you are Welsh, aged 40 or more and have a sheep farm – then your wife is very much more likely to work alongside you than if you have a large arable holding in East Anglia. Likewise, if you have a lowland stock or dairy farm in the west of England.

Not so, though, in the arable east.

Farm size makes a difference too. "The smaller the farming business the more likely it is that the wife will work and the longer the hours she works," says the survey. Moreover, the amount of manual work which farmers' wives do is apparently directly influenced by whether or not her husband employs other labour.

Ruth Gasson, author of the survey, says that Britain is coming to resemble the rest of the European Community where the family-worked farm is the norm – already 60 per cent of the labour on UK farms is provided by the family.

Yet the contribution of the farmer's wife up to now has, she says, been an unknown quantity.

Her own definitions are important. Manual work does not include the contribution wives may make by "having an off-farm job, keeping the accounts, cooking meals, or listening to husbands talking over their plans."

And although the survey strictly relates to farmers' spouses, less than 3 per cent of the nation's farmers are women with the majority of those, apparently, being unmarried.

Farm Work by Farmers Wives. Dept of Agricultural Economics. Wye College, Kent. £4.

Commission may step in over Dutch dioxin dispute

By Laura Raun in Amsterdam

THE European Commission may have to step in and resolve a dispute over an Italian import ban on Dutch farm products suspected of dioxin contamination.

In response to a Dutch complaint over the Italian embargo, the Commission yesterday told the squabbling partners to sort out their differences on their own. If they fail to do so then the Commission might be officially called in to referee the dispute.

Excessively high levels of dioxin poisoning were found in cows milk early last month, prompting Mr Gerrit Braks, the Dutch Agriculture Minister, to announce measures to control the toxic substance. The measures, including a ban on dairy product sales from two contaminated areas, were announced on July 14 and all European Community members were informed on July 17, according to an Agriculture Ministry official.

Chlorinated dioxins are produced by incineration of plastics and other household and industrial refuse, among other sources.

Used as a defoliant by the US military during the Vietnam war, dioxin is among the most toxic substances known to man. It is believed to cause cancer in cases of high concentration.

Mr Braks originally banned the sale of dairy products from farms around two incinerators, one in Lickebaert near Rotterdam and the other north of Amsterdam. After the first week, however, the north Amsterdam ban was lifted while that on Lickebaert continues.

Only 866 cows on 16 farms around Lickebaert are affected, hardly a drop in the bucket of Dutch milk – 0.03 per cent of total production.

Gerrit Braks: announced measures to control dioxin

Since July 14 about 57,700 litres of milk have been sequestered by the government and skimmed of fat, where dioxin concentrates. The fat will be destroyed after further investigation and the milk has been dried into powder but not sold.

The Agriculture Ministry has budgeted about Fl4m for compensation to farmers, who contend that their direct and indirect damages will be much higher.

They want compensation for the milk as well as lost income from grass and leased land and damage due to lower building values.

Eleven farmers have demanded full compensation for their businesses with the argument that environmental pollution makes them no longer suitable for farming.

The outbreak of dioxin poisoning comes at a politically sensitive time with the caretaker government facing early elections on September 6. Parliament will hold an emergency debate on the subject on Tuesday, when a protest letter from the Consumers Union will be considered.

All 12 incinerators in the country are being investigated and ordered to cut dioxin emissions by November 1.

While the reputation of Dutch dairy products appears intact for now, the agriculture lobby is worried about longer-term damage.

The Federation of Dutch Dairies reports no unusual decline in domestic sales or exports other than the normal seasonal dip. But government warnings about dioxin accumulation in mothers' milk has provoked controversy and worry among women's groups and the medical profession.

Rothschild expects the Gofra to go far

By Kenneth Gooding, Mining Correspondent

THE GOFRA made its first appearance yesterday to add to the increasing complexity of the gold bullion market.

The gold forward rate agreement, to give the newcomer its full title, is designed to enable players in the world's gold bullion market – particularly central banks and gold mining companies – to hedge their exposure to movements in the interest rates charged on bullion they have lent or borrowed.

These movements have been particularly volatile lately – the rate on gold bullion bounced from 1 per cent to 3 per cent and back again during the past six months. Currently the inter-bank rate is 2 per cent.

The Gofra is one of a series of new gold products to be launched by N.M. Rothschild. Mr John Bishop, the director responsible for that institution's treasury and bullion activities, outlined the attractions of the new instrument.

Gofras could be accounted for off the balance sheet; they involved no physical delivery of bullion; they were flexible, in that they could be sold back to Rothschild, and they largely eliminated settlement risks.

Mr Bishop said he expected that Gofras would be traded as well as being used as hedging instruments and that other financial institutions would follow Rothschild's example and launch similar products.

He claimed Rothschild was responding to demands from mining houses and central banks for protection against shifts in US dollar interest rates on gold and expected Gofras would attract more bank activity in the bullion market.

Australian miners see bright hopes on the dark continent

Chris Sherwell on the industry's expansion moves

AUSTRALIAN mining companies, not satisfied with tapping the vast resources of their own continent, are stepping up their presence abroad – and not just in south-east Asia and North America, but farther afield in, of all places, Black Africa.

The list of Australian companies with exploration and mining interests there is hardly lengthy, but it is growing all the time.

Some Australian mining houses – such as CRA and Renison Gold Fields – have long had indirect links with Africa through their principal shareholders abroad. The difference now is that Australian-owned groups are becoming well-established in their own right, as the list shows:

● Broken Hill Proprietary (BHP), the minerals, petroleum and steel giant which is Australia's largest company, announced in March the development of a gold project in southern Mali, near the Ivory Coast border.

BHP has a 65 per cent interest and is the operator, while the Mali Government holds the remainder. The deposit is estimated to have up to 8m tonnes of oxide and sulphide ore of about 3-3.5 gms per tonne. It will be mined through a conventional open pit operation to produce some 70,000 ounces of gold per year.

● Bridge Oil, 42 per cent owned by Elders Resources NZFP, which is part of the Elders empire, is known mainly as an oil and gas producer, but in one of the mining sector's most unlikely successes, it operates a diamond mine at Aredor in Guinea.

The mine is known less for the volume of diamonds it produces than for their quality. Since 1986 it has produced four gems of more than 100 carats, including one of 255 carats auctioned in March for more than US$10m – the highest price ever paid for a rough uncut diamond.

Located in the south of the country, on the border with Sierra Leone and Liberia, the mine has proven and probable reserves of 850,000 carats. Bridge's stake is 40 per cent, while the government owns 50 per cent. Other shareholders include the World Bank and the agency which distributes the diamonds.

● Pancontinental Mining, a gold and coal miner best known for its frustrated efforts to mine uranium in Australia, has a 25.5 per cent indirect interest in the Siguiri gold project in north-east Guinea. The operator, Union Miniere, has a 25.5 per cent stake, with the government holding the remaining 49 per cent.

The project came into operation in July 1988, and involves processing a series of alluvial deposits. The aim was production of 55,000 ounces in the first year, rising to 80,000 ounces thereafter.

● The Northern Queensland Company is involved in the rehabilitation of the Kotongo/Obenemasa mining areas in the Ashanti region of Ghana. Operations of the first new gold mine to be developed in Ghana for 40 years began last January.

The Australian group holds 70 per cent of Southern Cross through a 58 per cent-owned Canadian company. The government's state gold company holds the remainder.

The Northern Queensland Company says production has reached an annual rate of 33,000 ounces, and hopes to double this to 66,000 ounces. Contained gold reserves are put at 617,000 ounces.

● Intercontinental Gold and Minerals and MC Mining, two Perth companies, announced an agreement in April with the Sierra Leone Government to develop a mineral sands deposit in Rotifunk previously studied by a consortium of Bayer and Preussag.

A resource of 146m tonnes is said to have been delineated of 0.6 per cent rutile, 0.8 per cent ilmenite and 0.06 per cent zircon. Annual production is projected at 56,000 tonnes of rutile, 83,000 tonnes of ilmenite and 6,000 tonnes of zircon, worth about A$40m a year. A final feasibility study is now being conducted.

● Walhalla Mining, through Golden Shamrock Mines and Titan Resources, in both of which it is a significant shareholder, is involved in a gold exploration venture in Ghana which has identified a 9m tonne resource grading at about 2.9 gms per tonne.

● Delta Gold, through its subsidiary Masasa Mines, is in negotiation with the Zimbabwe Government and bank lenders to start mining and processing platinum, nickel, palladium, rhodium, copper, gold and cobalt.

The US$160m-US$200m project, located on the Great Dyke near Hartley, has proven and probable reserves of 40m tonnes and will furnish some 3 per cent of world platinum output, as well as 8 per cent of Zimbabwe's current foreign exchange earnings.

All told, this Australian mining presence in Africa is a mere shadow of its involvement in countries like Papua New Guinea, Indonesia or Fiji. But it is a reflection of the sector's increasing diversity and its internationalism marks a break with the past, when Australian mining was itself dominated by foreign companies.

Malaysia offered 'leading role' in the creation of new cocoa agreement

By Lim Siong Hoon in Kuala Lumpur

WITH A mixture of inducement and portent, the Ivory Coast has offered Malaysia, the maverick outsider among cocoa producers, a "leading role" in hammering out a new International Cocoa Agreement (ICCA) while warning of a possible market collapse that would cost Malaysia dearly.

The offer came through an unusual intermediary, a consultant, Mr Christopher Ariel, for Philipp Brothers, the big US trade house which has recently agreed to buy nearly 40 per cent of the Ivorian's 1989-90 cocoa crop, rather than through the normal diplomatic channels. The Ivorian Government had initially approached Phibro for assistance in negotiating with Malaysia, said Mr Ariel.

Through other intermediaries last month, Mr Ariel submitted a memorandum, originally drafted by the Ivory Coast, to Malaysia's Primary Industry Ministry. Mr Ariel is in Kuala Lumpur this week on a follow-up mission.

The ministry has been silent so far about Mr Ariel's memorandum and about his visit. One official there said there had been communications between the two sides, but they were unofficial.

The memorandum outlines proposals for renewing the 1986 cocoa agreement.

There are two key features. The first, to elicit consumer support for the ICCA, suggests a US$150-a-tonne downward revision of price bands for buffer stock intervention. The second, to encourage Malaysia's participation in the agreement, calls for a settlement of arrears on the buffer stock levy, amounting to US$120m.

The debt repayment plan calls for at least a 25 per cent initial settlement by debtors, as a precondition for renewing the agreement; then a further 25 per cent if indicator prices (which are calculated in special drawing rights) reach the SDR equivalent (at current values) of $1,781 a tonne; and the balance to be settled if prices go beyond the SDR equivalent of $2,216 a tonne.

In the past, Malaysia has cited the arrears on the levy payments as an example of the cocoa agreement's ineffectiveness and as a reason for staying outside the pact.

The proposals are not rigid, Mr Ariel said, but rather they provide the basis, contained in a separate working paper, for discussion by the Cocoa Producers Alliance. The CPA must meet before the International Cocoa Organisation's council gathers next month to decide the fate of the accord.

The Ivorians want Malaysia to send a senior official, with at least a deputy minister rank, to the CPA discussions which may be held in a week or two. Failing that, Malaysia's participation may not be "regarded seriously" by the alliance, said Mr Ariel.

Malaysia's involvement this time might well lead to the renewal of the ICCA. Without it, Mr Ariel said, there is a "40 per cent" chance of its collapse by December. Without the agreement its 250,000 tonnes buffer stock might have to be liquidated, bringing prices down by as much as $300 a tonne and hurting even a low-cost producer like Malaysia.

"The Malaysian Government can no longer afford to take a wait-and-see attitude to the cocoa agreement," the memorandum said.

The memorandum also outlines two schemes to raise cocoa demand and prices.

The first suggests a straightforward and minor revision of the 1986 agreement: withholding 120,000 tonnes until it is sold at tranches of 30,000 tonnes at above the revised median price of $2,217 a tonne. The second suggests the creation of a 180,000-tonne stock that the ICCO would "arrange" to be sold at 50,000 tonnes a year to "new" markets in the Soviet Union, East Europe and parts of Asia and Africa.

"Scheme Two is an attempt to utilise spare chocolate making capacity in member countries to stimulate consumption in those markets with low per capita consumption," the memorandum said.

The ICCO, through companies such as Phibro, could negotiate contracts for finished products and arrange financing and counter-trade deals.

The proposed Malaysian percentage share of the 300,000 tonne stockpile target is 11.5 per cent, or 34,590 tonnes. The Ivory Coast's is 36.5 per cent, Brazil's 21.5 per cent, Ghana's 14 per cent, and Togo's and Cameroon's combined 9.2 per cent.

Malaysia's Primary Industry Ministry has gathered growers – the strongest opponents to Malaysian participation in the ICCA – for a briefing next weekend on the CPA proposals.

Mr Ariel said he was surprised to find this high level of opposition from local growers. But, he added: "The ICCA is a political agreement, so there has to be a political decision."

WORLD COMMODITIES PRICES

LONDON MARKETS

LEAD PRICES surged higher on the London Metal Exchange yesterday, driven by a wave of producer and speculative buying, and encouraged by concern over supplies from strike-hit Peru. The cash price put on £14.50 to close at £446.50 a tonne, while metal for delivery in three months climbed £10 to £437.50 a tonne, the highest for nearly eight years. Traders said an early rise took the market through a chart resistance area at £430 (for three months metal), unleashing further buying interest and suggested the next target might be £700, only some £9 above the final kerb close. Cocoa futures continued to ease back in quiet trading, with the December position ending £6 down at £904 a tonne. November Coffee futures fell £11 to £747 a tonne, meanwhile, but remained above the 5-year of £728 a tonne low set earlier in the week.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$15.10-5.20w	+.075
Brent Blend	$17.08-7.18z	-0.03
W.T.I. (1 pm est)	$18.85-8.90z	+0.20
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$195-197	-3
Gas Oil	$155-157	+2
Heavy Fuel Oil	$86-88	+1
Naphtha	$152-154	+1
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$368.0	+1.5
Silver (per troy oz)♣	524c	
Platinum (per troy oz)	$490.0	+8.8
Palladium (per troy oz)	$135.25	+1.15
Aluminium (free market)	$1765	-10
Copper (US Producer)	124⅝-126	+3½
Lead (US Producer)	39.5c	
Nickel (free market)	605c	
Tin (Kuala Lumpur market)	23.05r	
Tin (New York)	400	
Zinc (US Prime Western)	82¼c	
Cattle (live weight)†	115.41p	-0.51*
Sheep (dead weight)†	143.89p	-7.94*
Pigs (live weight)†	90.86p	+1.67*
London daily sugar (raw)	$337.5t	-4.2
London daily sugar (white)	$486t	-5
Tate and Lyle export price	£329.5	-3.0
Barley (English feed)	£104.75	+0.25
Maize (US No. 3 yellow)	£130.75	-0.25
Wheat (US Dark Northern)	£128t	
Rubber (spot)♥	57.50p	
Rubber (Sep)♥	60.00p	
Rubber (Oct)♥	60.75p	+0.25
Rubber (KL RSS No 1 Sep)	239m	-1
Coconut oil (Philippines)§	$470v	+10
Palm Oil (Malaysian)§	$305v	+5
Copra (Philippines)§	$315	
Soyabeans (US)	£171w	+2
Cotton "A" index	81.55c	
Wooltops (64s Super)	598p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg y-Oct/Dec. z-Sep. x-Nov/Dec. t-Aug/Sep. v-Sep/Oct. w-Oct. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Sep	846	855	855 842
Dec	904	910	913 901
Mar	877	883	885 874
May	885	889	889 878
Jul	898	905	898 892
Sep	913	917	914 909
Dec	935	941	939 934

Turnover: 4917 (3753) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Aug 15 1052.71 (1062.91) :10 day average for Aug 16 1073.90 (1071.15)

COFFEE £/tonne

	Close	Previous	High/Low
Sep	743	750	750 741
Nov	747	758	760 746
Jan	766	770	774 765
Mar	782	786	793 784
May	799	807	808 798
Jul	821	823	820

Turnover: 1970 (2342) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Aug 15: Comp. daily 67.68 (66.82). 15 day average 70.01 (70.38)

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low
Oct	305.60	298.60	311.40 298.00
Dec	297.00	291.00	294.00
Mar	287.40	281.60	283.00 282.40
May	284.00	278.00	287.00 279.00
Aug	278.00	273.00	278.00 274.00
Oct	270.00	264.20	272.00 266.00
White	**Close**	**Previous**	**High/Low**
Oct	408.00	404.40	410.00 403.50
Dec	370.00	368.90	372.50 364.00
Mar	358.00	353.40	361.00 353.00
May	355.00	350.40	357.00 352.00
Aug	352.00	348.00	353.00 349.00

Turnover: Raw 3697 (5457)lots of 50 tonnes. White 1256 (799).
Paris- White (FFr per tonne): Oct 2675, Dec 2400, Mar 2350, May 2332, Aug 2320, Oct 2295.

CRUDE OIL $/barrel

	Close	Previous	High/Low
Oct	16.97	16.88	17.07 16.81
Nov	16.84	16.80	16.95 16.80
Dec	16.66	16.58	16.74 16.65
IPE Index	16.91	16.79	

Turnover: 4482 (4183)

GAS OIL $/tonne

	Close	Previous	High/Low
Sep	153.25	151.25	154.00 152.25
Oct	151.75	150.50	152.25 151.25
Nov	151.75	150.50	152.25 151.00
Dec	151.75	151.25	152.75 151.50
Jan	150.50	149.00	150.75 150.00
Feb	148.00	146.50	
Mar	143.25	142.25	144.00 143.25
Apr	141.50	140.25	142.00 141.75

Turnover 8190 (7329)lots of 100 tonnes

WOOL

World wool prices are more or less entirely fixed by whatever grower-financed organisations are paying to support the market. This means that Australia, its reserves stated and firmly adhered to each season, governs the price of most of the wool sold internationally, since other countries fix their own support levels accordingly. Price support on this scale inevitably persuades trade buyers to let the AWC bear the stock-holding cost. Price fluctuations depend on the interaction of exchange rates. Bradford top prices are slightly firmer and centre around 425p per kg for 58s average and 345p for 50s carded.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 15,850 tonne
Cash	1750-3	1785-90	1760/1745	1760-3		
3 months	1756-8	1785-90	1778/1750	1765-7	1751-2	29,752 lots
Copper, Grade A (£ per tonne)						Ring turnover 34,950 tonne
Cash	1758-9	1752-3		1756-7		
3 months	1748-9	1740-1	1751/1742	1747-8	1744-6	70,411 lots
Lead (£ per tonne)						Ring turnover 16,400 tonne
Cash	446-7	431.5-2.5	448/442	444-5		
3 months	437-8	427-8	442/430	434-5	442-3	10,506 lots
Nickel ($ per tonne)						Ring turnover 1,398 tonne
Cash	13150-250	13300-400	13300/13250	13150-200		
3 months	12300-400	12675-800	12500/12375	12425-50	12350-75	5,206 lots
Tin ($ per tonne)						Ring turnover 410 tonne
Cash	8630-50	8600-20		8630-50		
3 months	8770-90	8725-30	8850/8700	8770-90	8700-800	5,519 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 18,600 tonne
Cash	1800-10	1767-72	1820/1818	1817-9		
3 months	1671-3	1650-2	1680/1655	1675-80	1670-5	11,042 lots
Zinc ($ per tonne)						Ring turnover 11,300 tonne
Cash	1690-700	1665-75	1700/1695	1695-6		
3 months	1607-10	1590-600	1620/1606	1615-20	1615-20	7,247 lots

LME Closing £/$ rate:
SPOT: 1.5795 3 months: 1.5607 6 months: 1.5324 9 months: 1.5295

POTATOES £/tonne

	Close	Previous	High/Low
Nov	139.0	140.0	140.0 138.0
Feb	160.0	160.0	159.0 155.0
Apr	214.9	215.5	220.0 214.0

Turnover 435 (439) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Oct	135.50	135.00	136.00 135.50
Dec	136.00	135.50	136.00
Feb	140.00	140.00	

Turnover 83 (103)lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Aug	1440	1440	
Sep	1512	1509	1512
Oct	1568	1563	1569 1565
Jan	1605	1597	1604 1600
Apr	1627	1620	1626 1621
BFI	1417	1409	

Turnover 78 (266)

GRAINS £/tonne

Wheat	Close	Previous	High/Low
Sep	107.60	107.55	107.55
Nov	110.50	110.75	110.85 110.50
Jan	113.90	114.20	114.10 113.90
Mar	116.55	116.80	116.70 116.55
May	119.45	119.70	119.60 119.50
Jun	121.26	121.50	
Barley	**Close**	**Previous**	**High/Low**
Sep	102.70	102.90	102.80 102.70
Nov	106.65	106.70	106.70 106.60
Jan	109.65	109.90	109.65
Mar	112.40	112.55	
May	114.45	114.60	

Turnover: Wheat 134 (261), Barley 53 (39).
Turnover lots of 100 tonnes.

PIGS (Cash Settlement) p/kg

	Close	Previous	High/Low
Aug	115.5	115.5	
Oct	120.0	120.0	
Nov	120.0	120.0	
Feb	114.0	114.0	
Apr	114.5	114.2	114.3

Turnover 50 (48) lots of 3,250 kg

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	367¼-368¼	233-233½
Opening	368¼-368¾	233¼-233⅝
Morning fix	367.6	233.283
Afternoon fix	367.6	233.59
Day's high	369½-370	
Day's low	367½-368	

Coins	$ price	£ equivalent
Mapleleaf	378-383	239-242
Britannia	378-383	239-242
US Eagle	378-383	239-242
Angel	377½-382½	234-242⅛
Krugerrand	367-370	232½-234½
New Sov.	86½-87½	54¾-55½
Old Sov.	86½-87½	54¾-55½
Noble Plat	495.85-503.75	314.85-318.85

Silver fix	p/fine oz	US cts equiv
Spot	332.30	524.00
3 months	344.00	535.95
6 months	355.00	547.00
12 months	378.40	589.95

LONDON FOX TRADED OPTIONS

Coffee	Nov	Jan	Nov	Jan
700	75	109	29	43
750	49	82	53	69
800	30	61	84	95
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
850	80	91	64	26
900	51	63	47	86
950	31	41	77	114

US MARKETS

IN THE METALS, gold, silver and platinum were lower as commission house and local profittaking eased prices, reports Drexel Burnham Lambert. Afternoon trading was slow as a steady US dollar and an up-coming US trade number kept traders cautious. Copper closed slightly higher after sideways dealings. In the softs, scattered buying rallied the sugar market after a choppy session. Switch activity dominated cocoa trading with prices closing lower. Coffee trading was featureless. Cotton prices rose as trade buying supported the market. The grain markets were slow as consolidation took place. Light commercial selling kept the soybeans down for most of the day. Corn and wheat were non-events. The livestocks featured a limit-up move in the pork bellies. Good movement of products out of warehouses along with expected higher cash prices prompted the buying. Hog futures gained also with a sharp discount of futures to cash noted. A slow movement of feed lot cattle and light packer interest kept cattle prices down. The energy complex was firm with gasoline futures posting the biggest advance. A larger-than-expected decrease in gasoline stocks was reported by the API.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Aug	368.2	370.7	370.8	369.0
Sep	368.8	371.5	371.5	371.3
Oct	370.9	373.7	374.1	370.0
Dec	374.7	377.5	378.2	374.1
Feb	378.4	381.3	381.0	378.0
Apr	382.2	385.1	384.8	381.5
Jun	386.1	388.9	388.5	387.8
Aug	389.8	392.6	0	0
Oct	393.6	396.5	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Aug	483.8	0	485.5	485.5
Sep	485.8	494.7	0	0
Oct	488.1	497.7	496.5	486.0
Jan	492.1	501.9	498.0	490.0
Apr	495.8	505.6	504.0	504.0
Jul	499.4	509.2	0	0
Oct	503.0	512.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Aug	518.6	524.2	0	0
Sep	520.7	526.5	527.5	517.0
Oct	524.6	530.4	0	0
Dec	533.3	539.1	540.0	530.5
Jan	536.6	542.4	534.0	534.0
Mar	545.1	551.0	552.0	543.0
May	553.0	559.0	557.0	550.0
Jul	561.3	567.4	562.0	592.0
Sep	569.6	575.8	0	0
Dec	581.6	587.4	588.0	582.5

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	122.25	121.85	122.30	122.15
Sep	121.85	121.50	122.30	120.75
Oct	121.10	120.50	0	0
Dec	119.60	118.50	119.70	118.10

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Sep	18.83	18.68	18.95	18.60
Oct	18.35	18.29	18.47	18.34
Nov	18.14	18.07	18.23	18.13
Dec	18.03	17.96	18.12	18.02
Feb	17.87	17.75	17.91	17.82
Mar	17.78	17.68	17.81	17.75
Apr	17.74	17.64	17.83	17.74
May	17.67	17.60	17.75	17.67
Jun	17.66	17.58	17.66	17.66

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Sep	5070	5028	5086	5055
Oct	5140	5094	5160	5125
Nov	5210	5155	5225	5190
Dec	5275	5230	5300	5260
Jan	5300	5250	5305	5285
Mar	5000	4995	5000	4990
Apr	4835	4815	4835	4835
May	4700	4705	4700	4700

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Sep	1207	1235	1222	1202
Dec	1236	1263	1256	1234
Mar	1247	1270	1262	1245
May	1265	1285	1269	1260
Sep	1295	1315	1300	1292
Jul	1276	1298	1278	1270
Dec	1317	1340	1315	1314

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Sep	77.17	77.76	77.85	76.80
Dec	79.26	79.67	79.75	78.80
Mar	82.23	82.30	82.81	81.40
May	84.33	84.37	84.90	83.60
Jul	86.60	86.78	86.90	86.25
Sep	88.25	88.38	88.50	88.50
Dec	91.23	91.00	91.00	91.00

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Oct	13.65	13.44	14.05	13.50
Jan	11.96	11.75	0	0
Mar	12.83	12.63	13.12	12.66
May	12.61	12.45	12.80	12.48
Jul	12.43	12.30	12.56	12.35
Oct	12.13	12.04	12.33	12.18

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Oct	74.00	73.02	74.70	73.38
Dec	74.90	73.87	75.47	74.20
Mar	75.90	75.05	76.40	75.30
May	76.25	75.60	76.75	75.95
Jul	76.35	75.30	76.60	75.70
Oct	71.10	70.20	71.20	70.85
Dec	67.95	67.13	68.00	67.05

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Sep	159.10	162.30	164.70	158.90
Nov	145.25	148.75	148.75	145.05
Jan	142.00	144.50	145.60	142.00
Mar	141.00	143.80	143.70	143.60
May	140.00	142.50	143.00	142.25
Sep	138.50	141.40	0	0
Nov	138.50	141.40	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Aug 15	Aug 14	mnth ago	yr ago
1887.9	1902.7	1928.1	1856.5

DOW JONES (Base: Dec. 31 1974 = 100)

Spot	129.97	129.03	129.06	132.43
Futures	129.27	128.41	128.46	134.47

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Aug	[illegible]	622/4	635/0	621/0
Sep	[illegible]	591/0	595/4	579/0
Nov	[illegible]	584/4	587/0	572/0
Jan	[illegible]	593/6	597/0	580/0
Mar	[illegible]	603/0	605/4	590/0
May	[illegible]	610/4	613/0	598/0
Jul	[illegible]	615/6	618/0	603/0
Aug	[illegible]	610/0	0	0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	17.79	18.00	18.10	17.78
Sep	17.89	18.07	18.24	17.88
Oct	18.15	18.36	18.49	18.11
Dec	18.57	18.76	18.94	18.55
Jan	18.80	18.95	19.13	18.80
Mar	19.19	19.35	19.45	19.18
May	19.50	19.65	19.95	19.50
Jul	19.80	19.90	19.80	19.80

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Aug	[illegible]	204.4	206.6	203.3
Sep	[illegible]	189.9	190.6	189.3
Oct	[illegible]	183.8	184.2	181.2
Dec	[illegible]	182.3	182.8	180.0
Jan	[illegible]	182.2	182.7	180.5
Mar	[illegible]	183.5	184.0	182.0
May	[illegible]	185.5	184.0	183.5
Jul	[illegible]	186.0	185.5	184.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Sep	235/0	234/2	235/6	232/4
Dec	239/2	237/6	239/4	235/6
Mar	246/4	245/4	246/6	243/4
May	251/0	251/0	252/0	248/6
Jul	252/0	252/2	253/0	250/4
Sep	244/4	245/0	245/0	244/0
Dec	243/2	[illegible]	244/4	242/4
Dec	233/4	[illegible]	233/4	233/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Sep	399/2	[illegible]	400/2	396/2
Dec	413/6	[illegible]	414/4	410/4
Mar	419/0	[illegible]	419/6	415/6
May	408/0	[illegible]	408/4	399/4
Jul	372/6	[illegible]	373/0	367/4
Sep	377/0	373/4	377/0	373/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Aug	74.07	74.07	74.20	73.55
Sep	74.80	75.35	75.85	74.80
Oct	75.20	75.27	75.27	74.85
Dec	73.92	73.85	74.00	73.55
Feb	73.15	73.32	73.27	73.00
Apr	74.15	74.42	74.32	74.05
Jun	72.25	72.25	72.25	72.05
Aug	70.75	70.75		0

LIVE HOGS 30,000 lb; cents/lb

	Close	Previous	High/Low	
Aug	47.15	46.97	[illegible]	46.85
Oct	40.62	40.10	[illegible]	39.90
Dec	41.97	41.52	[illegible]	41.27
Feb	43.25	42.90	[illegible]	42.85
Apr	40.52	40.30	[illegible]	40.20
Jun	45.27	45.00	[illegible]	44.80
Jul	45.80	45.45	[illegible]	45.45
Aug	44.25	44.10	[illegible]	44.25

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Aug	26.82	24.87	26.87	25.10
Feb	41.57	39.57	41.57	39.90
Mar	41.60	39.60	41.60	40.00
May	42.90	40.90	42.90	41.35
Aug	42.57	40.65	42.80	41.15

طبقا من الأصل

LONDON STOCK EXCHANGE

Equities move higher in thin trading

HOPE triumphed over recent experience in the UK stock market yesterday and share prices rose sharply as a few institutional buyers tested equity sectors which have seen very little significant selling during this week's shakeout. Market makers' trading books were squeezed, sending the market ahead by nearly 20 Footsie points in fairly thin turnover.

London was helped by the strong performance in Tokyo overnight, and by initial improvements in the US and German stock markets. The day's economic data was neutral; growth of only 0.1 per cent in UK manufacturing output in the three months to June provided further indication of an economic slowdown; £1.4bn repayment of public sector debt was above expectations.

Account Dealing Dates			
First Dealings:	Jul 31	Aug 14	Sep 4
Option Declarations:	Aug 10	Aug 31	Sep 14
Last Dealings:	Aug 11	Sep 1	Sep 15
Account Day:	Aug 21	Sep 11	Sep 25

*New time dealings may take place from 9.00 am two business days earlier.

The absence of selling pressure during this week's shakeout has provided the basis for a return to a relatively positive outlook in the equity market.

Yesterday's uptick was slow to gain momentum, however, and prices slipped off their best levels when New York opened uncertainly, only moving to the day's highs in late deals when the Dow looked somewhat more confident.

At its final reading of 2,345.8, the FT-SE Index was 19.6 up. On Monday morning, the Footsie fell to 2,314 almost before trading commenced and has been in a recovery phase since then. Some of the more optimistic traders now hope to see the FT-SE 2,350 mark regained, but much will depend on the reaction to the latest UK earnings data, due today.

The lead to yesterday's market came from the brewery sector, where reports of strong whisky sales brought in the buyers for Guinness, holder of important sales brands, as well as for other big names in the sector.

Dollar earning stocks were to the fore, with Glaxo recommended by a leading US house and Reuter in demand again after announcing a new venture in Latin America. Shares in BAT Industries hung fire, but interest switched to Rothmans International.

A notable exception to the confident picture among the blue chips was ICI, which closed unchanged on the day following a somewhat erratic performance since the trading report published a fortnight ago.

Some securities houses distrust the market's recovery, pointing to the possibility of corporate fund-raising moves. Yesterday brought two small rights issues – Queens' Moat for £141m and Laird Group for £35m – and hints in the marketplace that a much larger funding move is planned; a leading investment bank was believed to be preparing a £300m convertible bond issue for Ranks Hovis Macdougall (RHM), with conversion likely to be into the Goodman Fielder Wattie shares held by RHM.

FINANCIAL TIMES STOCK INDICES

	Aug 16	Aug 15	Aug 14	Aug 11	Aug 10	Year Ago	1989 High	1989 Low	Since Compilation High	Since Compilation Low
Government Secs	87.42	87.24	87.46	87.32	87.54	87.76	89.29 (8/2)	83.75 (14/6)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.63	97.59	97.66	97.67	97.71	97.72	99.59 (15/3)	95.21 (13/6)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share	1961.8	1947.8	1950.3	1969.6	1961.4	1475.3	1972.0 (9/8)	1447.8 (3/1)	1972.0 (9/8/89)	49.4 (26/6/40)
Gold Mines	205.2	201.4	199.7	200.7	197.2	188.1	206.0 (7/7)	154.7 (17/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2345.8	2326.2	2325.9	2354.2	2347.3	1830.9	2360.4 (9/8)	1782.8 (3/1)	2443.4 (16/7/87)	986.9 (23/7/84)
Ord. Div. Yield	4.02	4.06	4.05	4.01	4.02	4.61				
Earning Yld %(full)	9.64	9.73	9.72	9.61	9.65	11.68				
P/E Ratio(Net)(☆)	12.50	12.38	12.40	12.55	12.48	10.44				
SEAQ Bargains(5pm)	25,168	25,282	32,146	36,933	32,477	18,954				
Equity Turnover(£m)†	-	901.27	909.74	1180.63	1316.11	753.50				
Equity Bargains†	-	28,995	33,997	37,297	33,236	21,029				
Shares Traded (ml)†	-	385.5	336.0	488.9	523.5	257.0				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. ☆ Nil 12.37.

Ordinary Share Index, Hourly changes — Day's High 1962.0 — Day's Low 1950.4

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1950.5	1955.2	1957.9	1953.8	1954.9	1956.4	1959.8	1958.1

FT-SE, Hourly changes — Day's High 2345.8 — Day's Low 2329.6

Open	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
2329.6	2337.5	2340.2	2338.8	2338.7	2338.4	2341.8	2340.5

S.E. ACTIVITY

Indices	Aug 15	Aug 14
Gilt Edged Bargains	92.6	82.4
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A
5 – Day average		
Gilt Edged Bargains	96.5	98.6
Equity Bargains	N/A	N/A
Equity Value	N/A	N/A

SE Activity 1974. †Excluding intra-market business & O'seas turnover. London report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	3,925	201½	−3½	Cons. Gold Fields	635	1483		Legal & General	928	346	−1	Royal Insurance	782	433	−4
Abbey National	10,910	147	+3½	Coalite	993	379	+8	Lloyds Bank	1,000	383	+7	STC	525	366	+3
Allied-Lyons	1,800	544	+11	Courtaulds	828	369	+1	LASMO	875	500	+4	Saatchi & Saatchi	44	315	
Amstrad	4,400	74	+2	Dalgety	143	415	+5	Lonrho	2,300	296	+9	Sainsbury	789	283	+4
Argyll Group	4,800	237	+1	Dixons	841	167½	+½	Lucas	594	703	+7	Scott & Newcastle	2,651	403	−10
Ass. Brit. Foods	121	385	+5	Eng. China Clays	175	485	+1	MB Group	535	212	+4	Sears	1,300	127	+1
BAA	1,200	358	−1	Enterprise Oil	316	585	+5	MEPC	622	589	+2	Shell Transport	2,400	436	+2½
BAT Inds	1,100	825		[illegible]	1,800	347	+7	Marks & Spencer	2,776	214	+5	Siebe	775	532	+10
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Drab outlook for bank

Higher than expected half-year operating profits and a smaller than anticipated provision against LDC debt boosted Standard Chartered, the last of the country's clearers to produce figures in this reporting season. The news of the £48m loss after provision of £209m against problem-country debt provoked a steady rise in Standard shares, which finally closed 7 better at 587p on turnover of 2.6m.

But in spite of the gains in the share price, the results were not greeted with complete acclaim. "The profit trend is not wonderful. LDC provisioning is arguably light and the balance sheet is either at the minimum or below it, so I don't think this set of results is as good as some people think," commented Mr John Aitken of County NatWest WoodMac.

In particular, there was concern about the real level of provisioning; Standard chose to split provisions between developing countries (46 per cent provisioned) and developed countries (only 10 per cent). Mr Aitken for one believes the distinction is unnecessary; without it bad debt provision would stand at 36 per cent, a level some way below the other clearing banks.

However, analysts did point out in Standard's favour that the bank had managed to reduce exposure by £200m, so there was less to provide for, and that the bank is not as exposed as other clearers to the most problematical Latin American countries. There was agreement, however, on the outlook for the share price, which appears dull. "The yield will be supportive at these levels, but in the medium-term we can see little chance of the shares moving ahead," said Mr Norrie Morrison of Kleinwort Benson.

Rothmans potential

Growing recognition of Rothmans International's strong start to the year, illustrated recently by the results of associates in both Australia and Malaysia, lifted the shares 24 further to 651p in healthy turnover of 2.6m. Adding to the rosy picture this week has been the London listing of Philip Morris, the US tobacco giant and owner of a near 25 per cent of Rothmans. The stake held by Rembrandt, the other main holder, was transferred last year to Richemont, a new company listed in Switzerland.

Mr Mark Duffy of Warburg Securities expects Rothmans' outperformance to come from *above average growth in share earnings* and from its historically high liquidity. Tobacco profits should recover in the current year, benefiting from favourable exchange rates and on-going rationalisation. He also maintains that a 10 p/e discount fails to reflect the value of the luxury goods interest, Dunhill and Cartier.

Gas warrants appeal

British Gas continued its recent good form. Some interest was stimulated by thoughts of today's annual meeting, but most observers put the buying down to the launch by Morgan Stanley of a covered warrant in the stock.

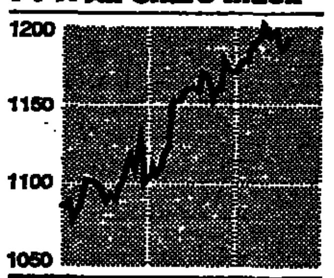
This is Morgan Stanley's first covered warrant for a UK equity. It follows a track well beaten by other US securities houses – Bankers Trust and Salomon Brothers – which have been issuing such instruments in recent months. The Gas warrant is for 10m shares, each exercisable into one Gas share at 180p over the next two years. The issue price is 69p. Morgan said that the launch went well with 60 per cent of buying from overseas, especially Scandinavia and West Germany. Most of the buying was in large blocks and there was little retail interest.

Gas was also the busiest traded option by a large margin. Traded options dealers said that it was likely that Morgan Stanley had been active, although Morgan claimed it was not involved. Gas clocked up 2,923 contracts, the equivalent of almost 3m shares. The underlying equity rose 2¼ to 212p as 9.3m shares changed hands.

Banks were in fine form, although in some cases a shortage of stock rather than genuine demand was behind the rises. Abbey National were particularly favoured as impressive institutional demand lifted the shares 3½ to 147p on turnover of 11m. Royal Bank of Scotland also featured, recovering from recent weakness to add 7 at 427p.

A disappointing set of interim figures took the top off composite insurer General Accident. The market had been hoping for somewhere between £180m and £190m; instead it got £126.5m, down 13.4 per cent on last year and with the dividend increase falling short of most expectations GenAcc shares tumbled 19 to 1039p. Also

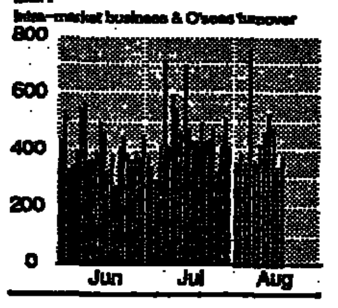
FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)

Excl: Intra-market business and O'seas turnover



reporting interims was life group Britannic Assurance, which gained 10 at 480p after announcing a rise in the half-year dividend by 0.9p to 6.5p.

"Beautiful," said one analyst, as Ultramar performed a predicted bounce after a long decline. It added 8 at 337p.

Reuter attracted UK buying on the back of a deal to supply news services to 500 clients in Latin America. It climbed 27 to a new all time high of 868p in thin trade. "Investors see it as a world monopoly," said a dealer.

An early buying order triggered a technical rally in Trafalgar House, although at least one analyst voiced the opinion that a stakebuilder was at work. The stock closed 14 better at 400p as 2.3m shares changed hands.

ICI weakened against the market trend after recent strong rises and on the back of a recurrence of a story that there were problems with a heart drug. The shares bottomed at 1282p before recovering to close unchanged at 1288p in low volume.

The brewery sector was in a buoyant mood on more reports of bumper summer drinks sales. Leading the way up were Guinness, 18 better at 587p, Whitbread "A", 15 firmer at 383p, Grand Metropolitan, up 16 at 631p, Allied Lyons, 11 higher at 544p and Bass, 15 to the good at 1096p. Grand Met were further boosted by the *disposal* of another Pillsbury operation for $269m. Turnover among the leaders, however, was slight and what business there was derived mostly from intra-market deals. One brewer to miss out on the rise was Scottish & Newcastle, which dropped 10 to 403p on the lack of bid news.

News of a £141m rights issue left hotels group Queens Moat 3 lighter at 115p. But the market was pleased with the 39 per cent rise in half-year profits to £24m and the acquisition of three hotels in Manchester, Nottingham and Edinburgh for £45m. The good news from Queens Moat helped Trusthouse Forte put on 5 at 342p.

The building sector, with the exception of one or two stocks, continued to drag behind the rest of market. In his latest sector update Mr Angus Phaure of County NatWest WoodMac repeats the advice given since the spring 1988: "Buy somewhere between the summer of 1989 and the summer of 1990," and be a seller again in 1991/92. Robert M Douglas again bucked the trend with a fresh gain of 10 to 505p.

Among mixed stores WH Smith dropped against the trend after reporting a 20 per cent rise in full year earnings to £84.1m (excluding property disposals of £5.6m). The fall in the price was more a reflection of concerns about future sales, said analysts.

Mr John Smith at UBS Phillips & Drew has lowered his forecast for current year profits by £4m to £92m because of the news of poor trading at the city chain Do It All and the awareness that sales growth in the main chain will not continue at the present levels because of the squeeze on consumer spending.

Kingfisher were busily traded, 7.7m shares turning over during the session, but with the two-way pull slightly favouring the sellers the price dropped a penny to 338p. In contrast, the attentions of one broker bidding aggressively for stock lifted Marks & Spencer 5 to 214p on turnover of 2.8m shares.

GKN advanced 4 to 458p as County NatWest WoodMac began revealing details of a detailed note on the company with a "strong buy" recommendation attached. Mr Pete Deighton, who heads the engineers team at County, attacks those who see GKN as a UK-dependent engineering company. He points out the strength of the company's US custom and long term trends towards front and four-wheel drive, both GKN strengths. "GKN also supplies Japanese manufacturers in the States and is likely to supply them in the UK," added Mr Deighton.

He countered recent suggestions that GKN would launch a rights issue to take control of Westland.

Sentiment in British Aerospace and Rolls-Royce was helped by suggestions that the Japanese government was considering buying Harrier jets as a means of skirting post-war restrictions on having ship-borne aircraft. BAe advanced 9 to 705p while Rolls added 2 at 188p. Rolls engines would be used even if any contract was for the US version of the Harrier, said one analyst.

Publishers pursued divergent trends with United Newspapers strong at 501p, up 17, on speculation that Hollinger had increased its shareholding. Just before the close Hollinger, the Canadian group which owns about 82 per cent of the Daily Telegraph and controlled by Mr Conrad Black, announced it now owned a 7.5 per cent take. Reed International also enjoyed firmer conditions, closing 6 better at 460p but Pearson slipped 12 to 810p ahead of interim results, due on August 29p.

Lonrho, the UK trading conglomerate, moved higher and stories immediately resurfaced of the Alan Bond stake having been placed. Several times since last spring's unsuccessful auction of the 20 per cent holding, the market has responded to similar hopes. The shares traded briskly for a while, but the price eventually outstripped the buying interest, peaking at 298p before closing 7 up on the day at 294p.

Among foods Cadbury Schweppes returned to form, rising 11 to 415p on turnover of 2.2m shares and buoyed by reports of strong soft drinks sales. Ranks Hovis Macdougall were unchanged on talk of an imminent convertible bond issue, while the lack of a follow through on recent bid speculation left retailer Asda 3½ lighter at 201½p on 4.1m shares. The news that SHV had increased its stake to 8.5 per cent lifted Nurdin & Peacock 9 to 196p.

News that broker Henderson Crosthwaite had bought 5.6m DRG shares directly from institutions on Tuesday at 550p sent the shares running ahead. The ultimate buyer was Pembridge Investments, run by Mr Roland Franklin, the US-based investor, which now has 21.7 per cent of DRG.

Analysts pointed out that if Mr Franklin's strategy was to flush out another bidder, then buying such a large stake on borrowed money would be an expensive method. Instead they now see a greater chance of a full bid followed by a break-up, although one said that even broken up, the company was only worth 550p to 600p a share. DRG closed 22 better at 560p.

A £35m one-for five rights issue from Laird overshadowed a 16 per cent improvement in first half profits. The shares fell 13 to 263p.

Consideration of Tiphook's improved offer for Sea Containers, in conjunction with a Swedish company, pushed Tiphook shares 24 better to 493p. Observers said there was relief that the company was not going to try to spend more than the new offer of $63 for each Containers share. Containers traded roughly unchanged at $67 in New York.

Among the heavyweight electricals, Plessey remained unchanged at 266p, with the market attaching little credence to the board's reported search for foreign companies willing, or even able, to help it escape the embrace of the GEC/Siemens consortium bid. GEC, at 275½p, also closed unchanged.

Portmeirion Potteries posted interim results 60 per cent ahead and firmed 3 to 218p.

■ Other market statistics, including FT-Actuaries Share Index and London Traded Options, Page 22

NEW HIGHS AND LOWS FOR 1989

NEW HIGHS (145) ... [illegible]

NEW LOWS (26) ... [illegible]

BUSINESS LAW

Foreign firms and contracts from the US federal government

By J. Stephen Lawrence Jr and Waltraut S. Addy

Traditionally, European firms had to overcome two hurdles in bidding for and obtaining American federal government contracts: technical specifications based on non–metric measurements, and US domestic purchase preferences imposed by various federal laws, the best known of which is the "Buy American" Act.

The first hurdle will probably disappear for most contracts by 1992. This is the result of a little known provision in the Omnibus Trade and Competitiveness Act 1988, recently passed by the US Congress, which requires that "each federal agency, by a date certain and to the extent economically feasible by the end of fiscal year 1992, use the metric system measurement."

The metric system is to be used for all federal procurements, grants and other business–related activities, except if such use is impractical or is likely to cause US firms to lose markets because foreign competitors produce competing products in non–metric units.

The Act also directs each federal agency to establish guidelines to carry out the metric policy. These guidelines, however, have not yet been issued. Their availability and content will probably vary from agency to agency.

Use of the metric system by federal agencies in their procurement *specifications* will undoubtedly make it easier for European firms, tooled up for metric measurements, to compete more successfully for US government contracts.

The second hurdle faced by European firms is the mandatory preference for US domestic products contained in several US statutes. Of these, the Buy American Act is the single greatest obstacle to foreign suppliers. Enacted in 1933, it was intended to stimulate the US economy suffering from the depression. Although the reason for the Act has long since disappeared, it was never abolished and is now firmly a part of US government procurement law.

The Act gives a preference to "domestic end products" by adding a surcharge to offers of "foreign end products." This preference covers the purchase of manufactured products, as well as construction materials used in public works and public buildings in the US. It does not apply to service contracts.

In practice, it is often difficult, however, to determine what constitutes a "service" contract, as opposed to a contract for products which includes the purchase of services, such as repair or data processing, that can only be *performed in connection* with the purchased products.

The Buy American Act and other domestic purchase preferences have been eroded considerably over recent years and therefore no longer present as great a problem for European firms as they once did. This erosion is due to a number of developments, including regulatory exemptions, as well as bilateral and multilateral treaties which the US has concluded with many European countries. These treaties render domestic purchase restrictions inapplicable or subject to waiver.

For example, the Trade Agreements Act 1979, which embodies the agreements reached at the Tokyo Round of the General Agreement on Tariffs and Trade (GATT), removes the Buy American Act restrictions on many "foreign end products" that are manufactured in "designated" countries.

The following European states are currently "designated": Denmark, West Germany, *Finland*, *France*, Ireland, Italy, Luxembourg, the Netherlands, Norway, Sweden, Switzerland and the UK.

The Act does not, however, exempt components exported from those nations for assembly into end products in the US. Under the current Buy American Act "rule of origin" test, this had the odd result of favouring a totally "foreign end product" over a product that is manufactured in the US, but contains more than 50 per cent foreign components, even if they *originate from a* "designated" country.

This is because the "rule of origin" test has two parts: the end product offered must not only be "manufactured" in the US, but also "substantially all" of the product's components *must be of US origin.*

The term "manufactured" has been interpreted to include "assembly" in the US, but current regulations define the "substantially all" condition as requiring that the cost of US components must equal at *least 50 per cent of the total* component costs of the solicited "end product".

The Office of Federal Procurement Policy, which is currently under a Congressional mandate to review the "rule of origin," is aware of this anomaly *and has asked for comments* on how this problem can be solved.

In addition to the outright waiver granted by the Trade *Agreements Act*, general exemptions also exist under the Buy American Act itself. For example, *in civilian agency* procurements, foreign products are allowed if (1) the product is not produced in reasonable commercial quantities of a satisfactory quality in the US, (2) the cost of domestic products would be unreasonable, or (3) the purchase of US goods would be inconsistent with the public interest. These exemptions obviously give contracting officials a considerable measure of discretion.

The US Defence Department procurement regulations contain similar exemptions and a general waiver authority for domestic purchase restrictions that may be exercised, if doing so would be in the public interest. This waiver authority has been used quite freely in recent years.

The Defence Department has also *entered into Memoranda* of Understanding (MOUs) for defence purchases that waive domestic purchase requirements for certain defence–related products. Countries that currently have MOUs with the US include Belgium, Denmark, West Germany, France, Italy, the Netherlands, Norway, Spain and the UK.

The Defence Department has also concluded Defence Cooperation Country Agreements and Foreign Military Sales Offset Agreements that permit acquisition from foreign producers. Potential contractors should, however, carefully scrutinise the terms of any solicitation issued by American civilian or defence agencies to determine which domestic purchase restrictions it employs, and whether an exemption is available.

It is worth remembering that most domestic purchase restrictions do not prohibit foreign firms from bidding or contracting. What they do is impose a specified surcharge *increasing the price of the foreign* end–product, if it does not qualify for an exemption or a waiver. If the domestic offer is still higher than the foreign offer after the applicable surcharge has been added, then the domestic offer is considered *unreasonable in cost, and* the "responsive" foreign bidder will be awarded the contract.

In view of the new metric procurement approach and the currently available exemptions and waivers concerning domestic preference requirements, European *firms may want to* reassess more positively the desirability of bidding for US government contracts.

As a first step toward participating in these acquisitions, European firms that are not already on bidders lists should request that the appropriate federal agency put them on its bidders list to receive solicitations.

Agency solicitations usually take one of two forms: invitations for bids (IFB), which require the bidder to submit sealed bids; or requests for proposals (RFP), which require the bidder to submit a proposal outlining costs and technical matters, and which is subject to further negotiation with the agency.

Under the IFB procedure, the lowest responsible and responsive bidder *will receive the* award. Under the RFP procedure, the agency will discuss the proposal with the bidder, either orally or in writing, and then request the bidder to submit a "best and final offer."

In making the award, the agency will select the bidder whose best and final offer is most advantageous to the government, as measured by price, quality and other "evaluation factors," which must be stated in the solicitation.

Finally, potential bidders *must take care to gather information* on available contracts in a timely fashion, since the period available for submitting a contract bid or proposal after issuance of the solicitation by the US government agency may be short.

Mr Lawrence and Ms Addy practice government contracts law in the Washington, DC office of the US law firm of Pepper, Hamilton & Scheetz.

APPOINTMENTS

Board posts at Channel 4

■ Sir Brian Bailey has been appointed deputy chairman of CHANNEL 4 by the Independent Broadcasting Authority. He succeeds Mr George Russell who has become chairman of the IBA. The new appointment is until June 30, 1990. Sir Brian is chairman of Television South West Holdings. Mr John McGrath, an independent Scottish writer, director and producer, has been appointed to the Channel 4 board.

■ UNITED SCIENTIFIC HOLDINGS has appointed Mr Stuart Hillier as sales director of subsidiary Avimo, Taunton. He was marketing director of the group's US subsidiary Optic Electronic Corp, Dallas, Texas.

■ Following TURNBULL SCOTT HOLDINGS acquisition of Sitex Security Products, Mr David White, formerly a joint managing director of Sitex, joins the main board of Turnbull Scott.

■ Mr Stephen Hardy has been appointed managing director of FLEXIBLE MANUFACTURING TECHNOLOGY, Brighton. His career includes engineering posts with the Ministry of Defence, and as a managing consultant with Peat Marwick McLintock.

■ Mr Angus Armstrong has been appointed director and general manager of MAT TRANSPORT.

■ SPHINX, part of Pegasus Group, has appointed Mr Mike Heneghan as managing director. He was managing director of Control-C Software.

■ WINDSOR, a Lloyd's broking group, has appointed Mr R.J. Alston and Mr M.A. Gayler as executive directors of Windsor Insurance Holdings. Mr W. Garside becomes a director, and Mr J. Tillett and Ms A.K. Ledda divisional directors, of Windsor Insurance Brokers.

■ HAWKER SIDDELEY has appointed Mr Roger Lloyd as finance director of Brush Transformers. He was finance director at GEC Transmission and Distribution Projects. Mr Stephen Dalgleish has joined the board of Hawker Siddeley Power Transformers. He was works manager.

■ Former associate director Mr Jan Woolf has been promoted to managing director of CMG Business Services Northern, an operating subsidiary of COMPUTER MANAGEMENT GROUP. He succeeds Mr John Jago who has become managing director of CMG Business Systems.

■ Mr Malcolm Reid has been appointed corporate development director of the NEVILLE GROUP, a director of Neville Industrial Securities, and chairman of Neville Insurance Brokers. He remains a director of FIMBRA.

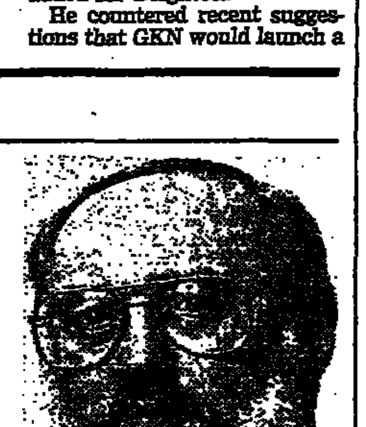
Mecca Leisure makes changes

■ *Mr Alan Goodenough* has been appointed divisional managing director, casinos, MECCA LEISURE GROUP; and Mr John Kelly becomes divisional director, gaming machines. Mr Goodenough succeeds Mr Barry Hardy who has resigned. Mr Kelly is succeeded as managing director, social clubs, by Mr Michael Axelrod who was finance and business development director, general leisure division.

■ Mr Peter Dew and Mr Michael Somerville have been appointed directors of THORNTON & CO. Mr Dew is managing director of Thornton Investment Management, and Mr Somerville, based in Hong Kong, is managing director of Thornton Management (Asia).

■ Mr Pierce R. Smith, treasurer of PaineWebber Group Inc, and Mr Michael Malcolmson, chief operating officer, PaineWebber International, have been appointed non-executive directors of PAINEWEBBER INTERNATIONAL BANK, London. Mr Richard Butler and Mr Charles Peterson, non-executive directors, have resigned.

■ Thorn Security, part of THORN EMI, has appointed Mr Simon Poulton as finance director. He was financial controller of Thomson Tour Operations.



Mr Michael Glover (above) has been appointed a non-executive director of IMP EUROPE. He is a director of Grosvenor Venture Capital, which has provided equity finance to the company.

■ THE KILROE GROUP has appointed Mr Tony Griffiths as an executive director of Kilroe Building. He was marketing manager of Kilroe Civil Engineering.

■ Sir Frank Gibb, chairman and chief executive of Taylor Woodrow, has been appointed a non-executive director of BABCOCK INTERNATIONAL GROUP.

■ Mr Peter Pendleton has been appointed a director of FLAXYARD PECKHAM.

FT UNIT TRUST INFORMATION SERVICE

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AUTHORISED UNIT TRUSTS

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Midland Personal Pension Unit Trust*

	Init Chrge	Bid Price	Offer Price	+ or -	Yield Gr's
British	6	62.85 63.56	67.62	+0.24	2.27
European Growth	6	62.78 62.85	66.86	+0.45	0.54
Gilt & Fixed	6	51.42 51.42	54.66	+0.1	8.28
Income	6	58.39 59.25	63.03	+0.21	3.33
Japan Growth	6	58.95 59.29	63.07	+0.27	0.00
Managed	6	58.72 59.52	63.32	+0.17	1.76
Money Market	6	53.82 53.82	57.05	+0.01	9.87
North American	6	61.46 62.60	66.60	-0.12	0.22

Midland FSAVCS Unit Trust*

	Init Chrge	Bid Price	Offer Price	+ or -	Yield Gr's
British	6	59.36 59.97	63.80	+0.21	2.27
European Growth	6	61.29 61.30	65.21	+0.43	0.54
Gilt & Fixed Int	6	50.57 50.57	53.76	+0.1	9.11
Income	6	59.37 60.24	64.08	+0.21	3.33
Japan Growth	6	61.25 61.56	65.49	+0.28	0.00
Managed	6	57.80 58.60	62.34	+0.17	1.75
Money Market	6	51.84 51.84	54.95	+0.01	9.89
North American	6	61.83 62.99	67.01	-0.11	0.22

Providence Capitol Fd Mgrs Ltd (1000)H
30 Uxbridge Road, London W12 8PG 01-749 9111

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Worldwide Inc	5	105.00	105.00	112.10	+0.4	0.29
Worldwide Acc	5	109.40	109.40	116.80	+0.4	0.29
UK Equity Inc	5	80.58	80.58	86.96	+0.55	2.89
UK Equity Acc	5	88.87	88.87	95.25	+0.61	2.89
European Inc	5	122.90	122.90	131.50	+0.7	0.55
European Acc	5	127.30	127.30	136.20	+0.8	0.55
Nth American Inc	5	68.59	68.59xd	72.89	+0.34	1.35
Nth American Acc	5	71.40	71.40xd	75.87	+0.36	1.35
Japan Inc	5	126.50	126.50	135.20	+1.2	0.00
Japan Acc	5	126.80	126.80	135.50	+1.2	0.00
UK High Inc Eq Inc	5	74.94	74.94xd	80.85	+0.1	5.59
UK High Inc Eq Acc	5	85.29	85.29xd	92.02	+0.11	5.59
Hong Kong Inc	5	44.35	44.35xd	47.30	+0.09	2.84
Hong Kong Acc	5	46.33	46.33xd	49.42	+0.1	2.84
Swiss Equities Inc	5	39.87	39.87	42.74	+0.6	1.11
Swiss Equities Acc	5	40.22	40.22	43.12	+0.61	1.11
W'wide Bond Inc	5	53.62	53.62	56.63	+0.18	5.70
W'wide Bond Acc	5	35.36	35.36	38.47	+0.19	5.70
Emerging Asia Inc	5	87.89	87.89	94.16	+0.39	0.00
Emerging Asia Acc	5	87.89	87.89	94.16	+0.39	0.00

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	123.0	124.3	132.2	-0.5	2.61
PM Income & Gth	5	105.7	106.6	113.4	-0.4	4.62
PM Nth Amer Gth	5	60.57	60.57	64.43	+0.41	1.17
PM European Gth	5	61.00	61.19	65.09	+0.07	0.68
PM Japan Gth	5	83.95	84.13	89.50	+1.17	0.27
PM Overseas Gth	5	57.12	57.12	60.76	+0.51	0.43

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ♥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.

SCHEME PARTICULARS AND REPORTS
The most recent report and scheme particulars can be obtained free of charge from fund managers. Other explanatory notes contained in last column of the FT Unit Trust Information pages.

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FT UNIT TRUST INFORMATION SERVICE

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	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Windsor Trust Mngrs Ltd (1200)F						
83 Kingsway, London, WC2B 6SD 01-405 8331						
Capital & Equity	5	64.08	67.11	71.39	+0.19	6.65
European	5	73.98	74.37	79.11	+0.21	0.09
Far Eastern	5	65.74	67.12	71.40	+1.37	0.61
Growth Inc	5	89.77	93.15	99.090	+0.21	1.39
Growth Acc	5	89.77	93.15	99.090	+0.21	1.39
Income Inc	5	83.99	86.26xd	91.76	+0.47	4.63
Income Acc	5	84.09	86.36xd	91.87	+0.47	4.63
Property Share	5	54.91	55.91	59.60	+0.18	0.99
Smaller Co's	5	59.10	59.49	63.47	+0.04	1.52
Nth American	5	67.92	67.92	72.63	+0.1	1.52
International	5	50.24	50.24	53.72	+0.04	1.39
Wright Seligman Fund Mngrs Ltd (1700)F						
11 Blomfield St, London EC2M 7AY 01-588 0592						
Intl Growth	5	115.42	115.42	120.42	+0.99	5.89
Weekly dealing day Tuesday						
The Yorkshire Unit Tst Mngrs Ltd (1100)F						
Woodsome Pl, Fenay Bdge, Huddersfield 0484 602250						
Yorkshire General	5¼	65.12	67.60	71.91	+0.05	2.52
YGTM UK Eqty Inc Tst	5¼	62.61	64.84	68.98	+0.15	4.33
YGTM Incl Gwth Tst	5¼	54.06	54.06	57.62	+0.21	0.77

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd					
Int'l East June 7	485.3	503.8			—
Cent. Bd. of Fin. of Church of England‡‡					
2 Fore Street, London EC2Y 5AQ 01-588 1815					
Inv Fund July 31		538.95		—	4.55
Fxd Int Sec July 31		142.65		—	10.07
Deposit July 31		100.00		—	13.25
Charinco/Charishare‡‡ (1000)F					
33 King William Street, EC4R 9AS 01-280 2800					
C'inco Inc Aug 16	169.4	173.7	+0.50	10.29	
C'inco Acc Aug 16	695.0	712.4	+1.40	10.29	
C'share Inc Aug 16	162.0	168.0	−1.00	3.97	
C'share Acc Aug 16	178.0	184.8	−0.90	3.97	

	Bid Price	Offer Price	+ or -	Yield Gross
Albany Life Assurance Co Ltd—Contd.				
Sunrise Metro	133.2	140.1	+1.0	—
UK Metro	123.6	130.0	+0.5	—
N Am Pn Fd Acc(z)	267.9	282.0	+2.2	—
Pac Basin Fd Acc(z)	192.9	203.0	+1.6	—
Property(z)	587.9	618.8	—	—
Mixle Inv Pens Acc(z)	1532.1	1612.7	+9.0	—
Broker Funds				
Prof Pen. Fd	101.6	106.9	+0.7	—
YRA Strategy	125.8	132.4	+0.8	—
YRA Performance	108.1	113.7	+0.5	—
Langdon Dollar (SE)	142.7	150.2	+0.6	—
Allied Dunbar Assurance Plc				
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514				
Fixed Int. Dep. Acc	264.3	278.3	+0.1	—
Equity Acc	905.8	953.5	−0.1	—
Property Acc	508.4	535.2	+0.1	—
Far East Acc	219.1	230.7	+1.3	—
European Acc	24.3	25.6	—	—
Managed Acc	709.3	746.7	+0.9	—
Managed Cap	401.4	422.6	—	—
O'seas Earnings Acc	603.2	635.0	0.0	—
Gilt Edged Acc	321.2	338.2	+0.3	—
American Equity Acc	489.3	515.1	+2.6	—
American Man. Acc	225.9	237.8	+1.1	—
American Prop Acc	150.4	158.4	+0.8	—
Pen. F.I. Dep. Cap	291.8	307.2	+0.1	—
Pen. F.I. Dep. Acc	502.9	529.4	+0.1	—
Pen. Prop. Cap	595.7	627.1	+0.1	—
Pen. Prop. Acc	1134.6	1194.4	+0.5	—
Pen. Man. Cap	873.7	919.7	+2.3	—
Pen. Man. Acc	1662.2	1749.7	+4.4	—
Pen. Gilt Edg. Cap	320.5	337.4	−0.5	—
Pen. Gilt Edg. Acc	498.7	525.0	−0.8	—
Pen. Eq. Cap	1446.9	1523.1	+4.4	—
Pen. Eq. Acc	2086.4	2196.3	+6.6	—
Pen. Am. Eq. Cap	163.1	171.7	+1.4	—
Pen. Am. Eq. Acc	198.1	208.6	+1.7	—
Pen. Far East Cap	261.8	275.6	+1.5	—
Pen. Far East Acc	318.1	334.9	+1.7	—
Pen. Euro Cap	29.0	30.6	+0.1	—
Pen. Euro. Acc	31.8	33.5	+0.1	—

INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
Premium Life Assurance Co Ltd				
37–39, Perrymount Road, Haywards Heath 0444 458721				
American	132.0	139.0	----	–
Building Soc. Fd	172.0	182.0	....	–
Balanced	291.0	307.0	+1.0	–
European	187.0	197.0	+1.0	–
GT Managed	187.0	197.0	+1.0	–
Gartmore Mngd	127.0	134.0	+1.0	–
German	134.0	142.0	.....	–
Gilt	185.0	195.0	+1.0	–
Global	49.0	52.0	----	–
High Inc	124.0	131.0	....	–
International Equity	203.0	214.0	+1.0	–
Japan	260.0	274.0	+2.0	–
Managed	64.0	68.0	----	–
Property	286.0	302.0	----	–
R. W. Imperial Gold	151.0	159.0	.....	–
UK Equity	368.0	388.0	+2.0	–
Pension Funds				
American	153.0	162.0	----	–
Building Soc. Fd	174.0	184.0	.....	–
Balanced	224.0	236.0	----	–
European	185.0	195.0	.....	–
German	117.0	124.0	.....	–
Gilt	157.0	166.0	.....	–
International Equity	147.0	155.0	----	–
Japan	144.0	152.0	.....	–
Managed	67.0	71.0	.....	–
Property	220.0	232.0	----	–
UK Equity	337.0	355.0	+2.0	–
Professional Life Assurance Co Ltd				
Frobisher Hse, Nelson Gate, Southampton 0703 232323				
Pensions Managed Fund	96.19	101.68	+0.1	–
Pensions Cash Fund	78.95	83.10	+0.03	–
Prolific Life & Pensions Ltd				
Stramongate, Kendall, Cumbria LA9 4BE 0539 733733				
Managed Fund see Balanced Growth Managed Fund				
Life Funds				
Balanced Gwth Mngd.	617.9	651.2	−2.0	–
Adventurous Mngd.	134.3	141.6	−0.1	–
Secure Mngd	112.6	118.7	+0.3	–
Cash Fd	236.2	248.9	....	–
Property Fund	291.1	309.7	.....	–
Equity Fund	700.2	737.9	−2.3	–
Fxd Int. Fund	302.7	319.0	−1.5	–
International	317.1	337.4	−3.3	–
High Income	466.4	496.2	−3.4	–
Far East	428.6	456.0	−5.7	–
North American	295.5	311.4	−2.8	–
Special Sits	650.0	691.5	+1.1	–
Technology	255.0	271.3	−1.0	–
Extra Inc Fd	294.2	313.0	−2.1	–
Convertible & Gilt Fd	162.3	172.7	+3.5	–
American Income	140.0	147.6	+0.4	–
Gilt Fund 20	307.0	326.6	−1.0	–
European Fund	107.7	113.5	−0.9	–
Pref & Fixed Int	100.4	106.9	....	–
Pension Funds				
Balncd Gth Mgd Pens Acc	595.8	627.2	−1.5	–
Adventurous Mgd Pens Acc	130.6	137.5	−0.2	–
Secure Mngd Pens Acc	111.7	117.6	+0.5	–
Building Soc Acc	246.4	259.4	.....	–
Property Pens. Acc	298.8	314.6	....	–
Fix. Int. Pens. Acc	425.0	447.4	−0.5	–
Equity Pens. Acc	788.5	830.1	−2.6	–
International Pens Acc	294.9	310.5	−3.4	–
High Inc Pens Acc	517.7	545.0	+2.2	–
Tech Pens Acc	166.2	175.0	−0.8	–
N American Pens Acc	200.1	210.7	−2.2	–
Far Eastern Pens Acc	433.6	456.5	−1.1	–
Special Sits Pens Acc	539.5	567.9	+0.9	–
Extra Income Pens Fd	355.0	373.7	+1.4	–
Convertible & Gilt Pen	181.1	190.7	+4.8	–
American Inc Pens	153.4	161.5	+0.5	–
European Pens	114.4	120.5	−1.4	–
Managed Cash Pens	112.7	118.7	–	–
Pref & Fixed Pens	103.7	109.2	.....	–
Other Funds				
Acorn Managed Fund	175.2	184.5	−1.1	–
Portfolio 2000	163.4	172.0	−1.0	–
Beaton Intnl Managed	111.6	117.5	−0.2	–
PBM Max Gwth & Inc	111.7	117.6	−0.8	–
DWC Growth & Income	117.8	124.1	....	–
NCH Inc & Growth	98.2	103.4	+0.5	–
NCH Managed	103.0	108.5	−0.5	–
For Capital Unit and Other Prices ring 0539-33733				
Property Equity & Life Ass. Co				
Baxter Ave, Southend SS2 6QH 0702 333433				
Int Man Pension Fd	133.2	140.2	----	–
Int Man.Crncy Bd Fd		134.8	----	–
Int Man Crncy Bd Fd(c)		123.8	----	–
Flexible Prop. Bd. Fd		173.6	----	–
Flexible Money Bd. Fd		313.7	----	–
Special Man. Inc. Fd		125.7	----	–
Property Growth Assur Co Ltd				
Sun Alliance House, Horsham 0403 641411				
Property Fund		461.9	+0.4	–
Property Fund (A)		439.6	+0.4	–
Agricultural Fund		628.8	+5.7	–
Agric. Fund (A)		604.3	+5.5	–
Abbey Nat. Fund		330.8	+0.2	–
Abbey Nat. Fd (A)		357.3	+0.2	–
Investment Fund		253.0	+0.6	–
Investment Fund (A)		244.7	+0.5	–
Equity Fund		925.1	+0.2	–

	Bid Price	Offer Price	+ or −	Yield Gross
Prudential Holborn Pensions Ltd				
30 Old Burlington St, London W1X 1LB 01-439 3134				
Managed	587.0	617.9	+1.8	–
Equity	847.9	892.6	+2.0	–
Global Equity	256.0	269.5	+1.9	–
Fixed Interest	417.7	439.7	+1.4	–
Property	400.5	421.6	----	–
Cash	159.6	168.1	.....	–
Index Linked Gilt	204.4	215.2	+0.2	–
Guaranteed	12.50	–	.....	–
International Money	205.6	216.5	+0.4	–
North American	83.2	87.6	+0.1	–
Japanese	151.1	159.1	+1.0	–
European	103.1	108.6	+0.2	–
Special Situations	123.0	129.5	+0.7	–
Communications	111.6	117.5	+0.5	–
Smaller Companies	115.7	121.8	+0.3	–
International Small Cos.	142.0	149.5	+0.5	–
Prudential Pensions Limited				
Holborn Bars, London EC1N 2NH 01-548 3281				
Discretionary Aug 9	£165.39	171.19	----	–
Equity Aug 9	£183.19	190.19	----	–
International Aug 9	£27.86	28.75	----	–
Intl Bond Aug 9	£12.56	12.73	----	–
Fixed Int Aug 9	£74.24	75.23	----	–
Index Linked Aug 9	£63.29	64.07	----	–
Property Aug 9	£112.87	114.69	----	–
Cash Aug 9	£21.3018	21.3018	----	–
Pru-Linked Retirement Plan				
Managed Aug 15	402.5	419.3	−2.6	–
Cash Aug 15	200.5	208.9	+0.5	–
Prudential Pensions Investment Account				
Pens Mngd Aug 16	161.6	173.7	----	–
Pens UK Eq Aug 16	317.4	342.6	−0.9	–
Pens Intl Aug 16	195.1	209.9	+2.3	–
Pens Fixed Aug 16	171.4	181.0	−0.5	–
Pens Index Lk Aug 16	162.2	171.3	−0.8	–
Pens Cash Aug 16	130.9	137.9	+0.3	–
Regency Life Assurance Co Ltd				
Regency Hse, Lanark Sq, London E14 9XS 01-538 8800				
Aggressive Ptflio Fd	124.1	130.6	+0.2	–
Balanced Ptflio Fd	325.5	342.6	0.5	–
Cautious Ptflio Fd	124.3	130.8	0.2	–
Elite Fund	117.3	123.4	−0.3	–
European Fund	91.6	96.4	....	–
Far East Fund	111.7	117.5	+0.4	–
Fixed Interest Fund	245.6	258.5	+0.3	–
International Fund	287.6	302.7	+1.2	–
Money Fund	178.7	188.0	....	–
N. American Fd.	124.7	131.2	+0.3	–
Property Fund	423.8	446.1	−0.2	–
UK Equity Fd	399.8	420.8	+0.7	–
A I M Brewin Dlphn Fd	98.0	103.2	....	–
Swim Select Invs	116.5	122.6	+0.2	–
Chart Safety First Bd	110.4	116.2	....	–
Exec Master Fd	102.5	107.9	+1.8	–
Hardwick Growth Fd	110.8	116.6	.....	–
Bentley Haig LR Port	107.3	112.9	.....	–
Milbourne Spec Port	118.8	125.0	----	–
Swim Global Fd	117.6	123.8	----	–
Hardwick Tst Fd	71.8	75.6	----	–
All funds have equivalent pension fund. Series 2 prices above. Others available from Regency Life.				
Reliance Mutual				
Reliance House, Tunbridge Wells, Kent 0892 510033				
Deposit Acc Fd	125.6	132.2	----	–
Equity Acc Fd	331.4	348.8	----	–
Managed Acc Fd	294.1	309.6	----	–
Prop Fd (1st Issue)	–	369.2	----	–
Prop Acc Fd (2nd Iss)	178.8	188.2	----	–
Unit Trust Mn. Fd	125.3	131.9	----	–
RL Pension Funds				
Deposit Acc	164.3	173.0	----	–
Equity Acc	251.0	264.2	----	–
Fixed Int Acc	162.8	171.4	----	–
Gilt Indx Lnk Acc	142.2	149.7	----	–
Managed Acc	292.5	307.9	----	–
Royal Heritage Life Assurance Ltd				
20 Clifton St, EC2A 4HX 01-920 0202/0733 262524				
Multi Gwth		507.21	....	–
Multi Gwth "A"	507.3	534.0	----	–
Do Prop	437.0	460.0	----	–
Do Equity	831.8	875.6	+9.2	–
Do High Yld	359.8	378.8	+0.1	–
Do Man	630.7	663.9	+3.5	–
Do Dep	278.2	292.9	....	13.40
Do Bnd	250.8	264.0	+0.2	–
Do Inc Dist	207.7	218.7	+0.3	7.06
Do Itn Man	352.7	371.3	+2.6	–
Do US$	93.7	98.7	....	7.47
Do Emerging Co's	316.9	333.6	+1.6	–
Pension Funds–Series B & C Acc.				
Property	746.7	786.0	+0.1	–
Equity	2047.6	2155.4	+15.0	–
Fixed Interest	656.6	691.2	+0.8	–
Managed	1071.6	1128.1	+7.0	–
Deposit	529.2	557.1	+0.3	13.80
Gartmore Global	196.4	206.8	+0.7	–
Gartmore NA	101.6	107.0	−0.1	–
Gartmore Pacific	235.0	247.4	+1.2	–
Henderson Acc	199.5	210.0	+0.5	–
Perpetual Mng	204.0	214.8	+0.3	–
Framlington Mng	190.1	200.2	+0.2	–
Gartmore Pen Mngd	197.4	207.8	+0.4	–
Gartmore Pen Euro	139.2	146.6	+0.3	–
Beckman Pension Fund	120.8	127.2	+1.1	–
Suffolk Cap. Pen. Fd	120.5	126.9	−0.4	–
IMC Pen SB Ser 8	95.0	100.0	----	–

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

GUERNSEY (**)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	98	Exch 11pc 1989	99	......	11.04	13.29
99	95⅝	Treas 5pc 1986–89	99	......	5.04	10.12
99½	98⅝	Exch 10¼pc Cv '89	99	......	10.34	13.39
101	99	Treas 13pc 1990‡‡	100¼	......	12.98	12.25
131	124	Treas 2pc IL '90(84.6)	131¼	+¼	2.09	9.98
99	98	Exch 11pc 1990‡‡	99	......	11.08	12.44
101	99	Exch. 12¼pc 1990	99xd	+⅛	12.51	12.86
95½	91	Treas. 3pc 1990	95½	+⅛	3.14	9.43
97	95⅝	Treas 8¼pc 1987–90‡‡	97	+⅛	8.46	11.39
98	95¼	Treas. 8pc Cv 1990 ‡‡	97½	+⅛	8.20	10.86
98	96	Treas. 10pcCv 1990	97¾	+⅛	10.22	11.93
93¼	87	Exch 2½pc 1990	93¼	+¼	2.67	7.85
101	98	Treas 11¾pc 1991	100	+⅛	11.75	11.67
93⅝	89¾	Funding 5¾pc '87–91‡‡	93⅝	+⅛	6.14	10.07
90	86	Treas. 3pc 1991	90	+⅛	3.31	8.86
100	95	Treas 10pc Cv '91 ‡‡	97	–⅛	10.23	11.35
101	97	Exch. 11pc 1991	99	+⅛	11.05	11.19
94	91	Treas. 8pc 1991	93	+⅛	8.53	10.12
106	102	Treas 12¾pc 1992‡‡	104	+⅛	12.24	10.73
99½	95	Treas 10pc 1992	98¼xd	+⅛	10.18	10.81
94	91	Treas. 8pc 1992 ‡‡	93	+⅛	8.56	10.86
100¼	96	Treas 10½pc Cv 1992‡‡	99	+⅛	10.58	10.80
85½	82¼	Treas. 3pc 1992	85½	+⅛	3.51	8.93
105	101¼	Exch. 12¼pc '92	103xd	+⅛	11.80	10.74
109¾	104	Exch 13½pc 1992	107xd	+¼	12.58	10.66
94	90	Treas 8¼pc 1993	93xd	+¼	8.83	10.51
100	95⅞	Treas 10pc 1993‡‡	98	+⅛	10.12	10.38
108¼	103	Treas 12½pc 1993‡‡	106	+⅛	11.75	10.45
87¾	84¼	Funding 6pc 1993‡‡	87xd	+⅛	6.84	9.71
113¼	108¼	Treas 13¾pc 1993‡‡	111	+⅛	12.35	10.35
94½	89¾	Treas. 8½pc 1994	93	+⅛	9.10	10.37
117	112	Treas 14½pc 1994‡‡	115xd	+⅛	12.59	10.24
113	107	Exch 13½pc 1994	111	+⅛	12.13	10.38
100¾	95	Treas. 10pc Ln. 1994‡‡	99	+⅛	10.09	10.21

Five to Fifteen Years

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
110¼	104	Exch. 12½pc 1994	108xd	+⅛	11.57	10.37
96	91	Treas 9pc 1994‡‡	95	+⅛	9.46	10.20
108	102	Treas 12pc 1995	106	+⅛	11.25	10.34
79¾	74	Exch 3pc Gas 90–95	77	......	3.90	8.07
101	95¾	Exch. 10¼pc 1995	99¾	+⅛	10.25	10.25
113	107¼	Treas 12¾pc 1995‡‡	111	+⅛	11.42	10.17
119	112¾	Treas. 14pc '96	116	+⅛	11.97	10.30
97½	91	Treas. 9pc 1992–96‡‡	95xd	+⅛	9.42	9.94
126	119	Treas 15¼pc 1996‡‡	123	+⅛	12.30	10.20
117	110	Exch 13¼pc 1996‡‡	114	+⅛	11.55	10.16
101	94	Conversion 10pc 1996	99½	+⅛	10.04	10.07
118½	110¾	Treas 13¼pc 1997‡‡	115	+⅛	11.44	10.14
104	97¼	Exch 10½pc 1997	102¼xd	+¼	10.28	10.08
95	88¾	Treas 8¾pc 1997‡‡	93	+¼	9.32	9.88
128¾	120	Exch 15pc 1997	125	+¼	11.93	10.26
100	93	Exch. 9¾pc 1998	98	+¼	9.87	9.95
84¾	78¾	Treas 6¾pc 1995–98‡‡	83	+⅛	8.08	9.57
134	125	Treas. 15½pc '98‡‡	131	+¼	11.81	10.14
113	105¾	Exch. 12pc 1998	111	+¼	10.79	10.08
100¼	93	Treas 9½pc 1999‡‡	98	+¼	9.64	9.72
115¾	107½	Exch. 12¼pc 1999	113¼	+¼	10.83	10.07
105¾	97⅞	Treas. 10½pc 1999	103¼	+¼	10.16	9.96
104	96⅜	Conversion 10¼pc 1999	101⅞	+¼	10.05	9.93
94	86⅞	Treas. 8½pc Ln 2000‡‡	92	+¼	9.21	9.68
97	90	Conversion 9pc 2000‡‡	95xd	+¼	9.44	9.70
122	113	Treas. 13pc 2000	118	+¼	10.92	10.07
103⅜	95⅝	Treas 10pc 2001	101xd	+¼	9.87	9.81
124	115½	Treas. 14pc '98–01	121¼	+¼	11.54	10.24
102	94	Conversion 9¾pc 2001	99¾	+¼	9.77	9.77
113	105½	Exch. 12pc '99–02	111	+¼	10.79	10.14
104	96	Conversion 10pc 2002	101	+¼	9.79	9.59
102	94	Treas 9¾pc 2002	100xd	+¼	9.70	9.66
97	89	Exch. 9pc 2002	95	+¼	9.43	5.60
126	117	Treas. 13¾pc 2000–03	123	+¼	11.13	10.13
105¾	97	Treas 10pc 2003	103xd	+¼	9.67	9.56
113	104	Treas. 11½pc 2001–04	110xd	+¼	10.39	9.93
106	97⅝	Treas. 10pc 2004	103	+¼	9.64	9.51
59¾	55	Funding 3½pc '99–04	58	+⅛	6.01	8.49

Over Fifteen Years

BRITISH FUNDS—Contd

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	94¼	Conversion 9½pc 2004	100¾	+⅛	9.46	9.44
103	94½	Conversion 9½pc 2005	100	+⅛	9.44	9.42
111¾	102	Exch. 10½pc 2005	108xd	+⅛	9.63	9.41
125	115¾	Treas. 12½pc 2003–05	122¼	+⅛	10.22	9.58
90	82	Treas. 8pc 2002–06‡‡	88	+⅛	9.02	9.33
105	97	Conversion 9¾pc 2006	103	+⅛	9.43	9.34
118	109	Treas. 11¾pc 2003–07	116	+⅛	10.12	9.59
96	87	Treas 8½pc 2007 ‡‡	93	+⅛	9.04	9.18
134¾	123¾	Treas. 13½pc '04–08	130	+⅛	10.31	9.52
101	92	Treas. 9pc 2008 ‡‡	98	+⅛	9.12	9.14
92	84	Treas 8pc 2009	89	+⅛	8.90	9.10
102	93	Conv 9pc Ln 2011 ‡‡	99⅜	+⅛	9.05	9.05
68	62	Treas. 5½pc 2008–12‡‡	66xd	+⅛	8.24	8.93
89	82	Treas. 7¾pc 2012–15‡‡	87¼	+⅛	8.89	9.04
132	121¼	Exch. 12pc '13–'17	128	+⅛	9.35	9.08

Undated

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
45⅝	41½	Consols 4pc	43⅜	+⅛	9.22	–
40¾	36⅝	War Loan 3½pc‡‡	38¾	+⅛	9.03	–
70	60	Conv. 3½pc '61 Aft.	65⅝	+⅛	5.33	–
41	31	Treas. 3pc '66 Aft.	34	+⅛	8.62	–
30¼	26	Consols 2½pc	27½	+⅛	9.93	–
29½	25¼	Treas. 2½pc	27¼	+⅛	9.17	–

Index-Linked

1989 High	Low	Stock (b)	Price £	+ or –	(1)	(2)
112⅝	103	Tr. 2pc '92‡‡(97.8)	112	+⅛	1.96	2.91
105	94	Do. 2'94 (102.9)	104	+⅛	2.44	2.96
154	139½	Do. 2pc '96(67.9)	153xd	+⅛	2.78	3.13
130¼	118	Do 2½pc '01(78.3)	130	+⅛	3.23	3.47
127	115⅝	Do. 2½pc '03(78.8)	127	+⅛	3.31	3.52
130⅝	117	Do. 2pc '06(69.5)	130	+⅛	3.37	3.54
122	110¼	Do. 2½pc '09(78.8)	121	+⅛	3.37	3.53
127¼	114	Do. 2½pc '11(74.6)	127xd	+⅛	3.39	3.53
106	95¼	Do. 2½pc '13(89.2)	105xd	+⅛	3.36	3.50
114	101¼	Do. 2½pc '16(81.6)	114	+⅛	3.34	3.47
112¼	100⅞	Do. 2½pc '20(83.0)	112	+⅛	3.31	3.42
94	84	Do. 2½pc '24‡‡(97.7)	94¾	+⅛	3.27	3.37

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for November 1988: 110.0 and for June 1989: 115.4.

INT. BANK AND O'SEAS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
108	99½	African Dv Bk 11¼ Ln 2010	106	+⅛	10.46	10.36
104⅞	96	Asian Dev Bk 10¼pcLn2009	102⅝	+⅛	10.01	9.97
130	119	Australia 13½pc 2010	126xd	+⅛	10.69	10.38
113	102	Do. 11¾pcLn2015	109¾	+⅛	10.40	10.32
108	99	Euro Inv Bk 11pc Ln 2002	105	+⅛	10.40	10.18
104	95	Do. 10¾pc2004	101½	+⅛	10.22	10.17
119	109	Int-Am Dev Bk 12½pc 2003	115	+⅛	10.86	10.38
99¾	90	Do. 9¾pcLn 2015	97	+⅛	10.03	10.05
97½	91½	Mlysia 10¾pcLn 2009	95xd	......	11.32	11.39
120	117	Utd. Mexican States 16½pc 2008	117	......	13.98	13.80

CORPORATION LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
102	99½	Birmingham 13½pc 1989	99½	......	13.57	11.20
111½	102½	Do. 11½pc 2012	107½	......	10.70	10.60
91	86½	GLC 6¾pc 1990–92	89½xd	......	7.54	11.70
124½	114½	Leeds 13½pc 2006	121½	......	11.11	10.72
33	30	Liverpool 3½pc Irred.	30	......	11.67	–
95½	92	LCC 6¾pc '88–90	95½	......	7.07	10.90
30	27	Do. 3pc '20 Aft.	28xd	......	10.71	–
107½	101½	Manchester 11½pc 2007	105½xd	......	10.90	10.80

COMMONWEALTH & AFRICAN LOANS

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
89½	86½	NZ 7¼pc 1988–92	89¼	–¼	8.12	11.60
206	206	S Rhod 2½pc Non-Asstd	206	......	–	–
84½	84½	Do. 4½pc 87–92 Asstd.	84½	......	5.33	9.33

LOANS

Building Societies

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
99	98	N'wide Anglia 11⅞pc 29.8.89	99	......	11.57	14.08
99¼	99	Do. 12½pc 18.9.89	99⅝	......	12.41	13.82
99	99	Do. 12⅜pc 2.10.89	99	......	12.35	13.92
99⅞	98	Do. 11⅞pc 6.11.89	99⅛	......	11.89	13.95
100	98	Do. 12⅜pc 4.12.89	99	......	12.39	13.81
100¼	99	Do. 12⅞pc 2.1.90	99	......	12.87	13.82
100½	98¾	Do. 12⅝pc 29.1.90	99⅞	......	12.64	13.76
100	98¾	Do. 12¾pc 26.2.90	99	......	12.76	13.75
100	98	Do. 12⅞pc 19.3.90	99	......	12.95	14.14
100	99	Do. 13⅜pc 23.4.90	99	......	13.42	13.72
100	99	Do. 13pc 14.5.90	99⅞	......	13.08	13.71
100	98⅝	Do 13⅝pc 4/6/90	99	......	13.70	13.67
100	100	Do. 14⅜pc 2.7.90	100	......	14.29	13.59
100½	100	Do. 13⅝pc 23.7.90	100	......	13.62	13.48
104¼	98½	Do. 3⅞pcIL Ln 2021	104¼xd	......	4.29	4.40

Public Board and Ind.

1989 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
47	45	Met. Wtr. 3pc 'B'	46xd	......	6.52	10.62

FOREIGN BONDS & RAILS

1989 High	Low	Stock	Price £	+ or –	Div % Gross	Red. Yield
45	40	Greek 7pc Ass.	40	......	3.50	f8.75
45	40	Do. 6pc 28 Stb. Ass.	40xd	......	3	f7.50
45	40	Do 4pc Mixed Ass	40xd	......	2	f5.00
80	65	Hung. '24 Ass.	80	......	2.75	f3.57
139	128	Hydro Quebec 15pc 2011.	135	+½	15.00	10.72
128	118	Iceland 14½pc Ln 2016	126xd	+½	14.50	11.35
97¼	91½	Ireland 9¾pc '91–96	92¼xd	+¼	9.75	11.40

AMERICANS

1989 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
39½	26¼	Abbott Laboratories	39½xd	+⅛	$1.40	–	2.2
579p	361p	♦Allegheny & W 1c.	460p	......	30c	–	4.1
17	12	Amax $1	17xd	...	80c	–	2.9
11⅝	6	Ambase Corp $1	10xd	+⅛	20c	–	1.3
15	865p	Amdahl 5c.	952pxd	+20	h10c	–	0.7
37⅞	25½	Amer. Cyanamid $5	36¾	–⅛	$1.35	–	2.3
23¾	14	Amer. Express 60c.	23xd	+¼	84c	–	2.3
16¼	854p	Amer. Medical Int. $1	15⅞	+⅛	♦72c	–	2.9
25	15¼	American T. & T. $1	24	+⅛	$1.20	–	3.1
39⅝	26	Ameritech $1	38	+⅛	h$2.92	–	4.9
19	9⅝	BankAmerica $1	19½xd	+⅛	60c	–	1.9
34¼	19⅛	Bankers N.Y. $1	32xd	–⅛	$2.08	–	4.0
60⅞	38½	Bell Atlantic $1	60⅞	+⅛	$4.08	–	4.2
33¼	19⅜	BellSouth Corp.	32¼	+½	$2.52	–	4.9
15⅞	12	♦Bethlehem Steel $8.	13xd	+⅛	–	–	–
11⅝	868p	♦Bio-Rad Labs. A.	10½	+⅛	–	–	–
20¼	15¼	Bowater Inc	19⅝	+⅛	$1.12	–	3.7
12⅞	9¼	Brunswick 75c	10xd	+⅛	44c	–	2.6
42⅞	28⅜	CPC Intnl. 25c.	40	–⅛	$1.60	–	2.5
798p	333p	California Engy	576p	+1	–	–	–
36	17¼	Campbell Soup 15c.	34¼xd	+⅛	92c	–	1.7
25⅞	15	Chase Manhattan $12½	24⅜xd	+⅛	$2.36	–	6.1
24½	17	Chem Banking Corpn.	24¼	...	$2.72	–	7.1
16⅞	13⅞	Chrysler $6¼	15⅞xd	+⅛	$1.20	–	4.8
22	14	Citicorp $1	20¼xd	+⅛	$1.62	–	5.1
230p	107p	CityFed Fin. Corp.	167p	+8	4c	–	1.5
36⅝	25¼	Colgate-Palmolive $1	36⅝xd	......	s$1.48	–	2.6
17	10¼	Cont'l Bank Corp $4	15½	–¼	86c	–	3.3
387½p	218p	♦Corporate Data Sce.	299p	......	–	–	–
597p	278p	Cullinet Sftwr 1c.	508p	–8	–	–	–
27½	21	Dana Corp. $1	26	+⅛	$1.60	–	3.8
13	854p	Data General	10¼	+⅛	–	–	–
38	28⅜	Dun & Bradstreet $1	35⅜	–⅛	$2.00	–	3.5
41¼	30½	Eaton Corpn. 50c	41¼	+⅛	h$2.00	–	3.1
11⅝	8⅞	Echlin Inc.	11	......	70c	–	4.0
20⅝	16⅞	FPL Group 1c.	20⅝xd	...	$2.28	–	7.0
32⅞	27⅝	Ford Motor $1	32xd	+¼	$3.00	–	5.9

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

	Bid Price	Offer Price	+ or –	Yield Gross
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc.	12.50	9.78	13.52	Qtr
Mth Int Chq £1,000-£4,999	12.50	9.78	13.64	Mth
Mth Int Chq £5,000-£49,999	13.00	10.17	14.20	Mth
Mth Int Chq £50,000+	13.50	10.56	14.77	Mth
Bank of Ireland High Interest Cheque Acc				
36 Queen St, EC4R 1BN. 01-625 7000				
2,000-9,999	12.780	10.000	13.842	Qtr
£10,000+	13.099	10.250	14.201	Qtr

	Bid Price	Offer Price	+ or –	Yield Gross
Henderson Management SA				
Henderson Horizon Fund				
Japanese Portfolio	$13.93	14.73	+0.06	–
Japan Smllr Cos P'flio	$18.30	19.34	–0.02	–
Pacific Portfolio	$10.87	11.49	......	–
Nth American P'folio	$5.00	5.29	+0.02	–
European Portfolio	$7.13	7.54	+0.02	–
UK Portfolio	$6.45	6.83	–0.01	–
Global Portfolio	$9.49	10.03	......	–
Fixed Int. Portfolio	£9.78	10.27	......	–
Dollar Liquidity P'folio	$0.8240	0.8262	+0.0009	–

	Bid Price	Offer Price	+ or –	Yield Gross
Merrill Lynch Int Capital Mngt (GSY) Ltd				
Iberia Portfolio	$11.32		......	–
Morgan Stanley Sicav				
Money Mkt Plus Fd Aug 11	$1049.37		......	–
Patrimony Fd Aug 11	$1070.13		......	–
Murray, Johnstone (Inv. Adviser)				
American P'folio Aug 16	$27.29	29.10	......	–
Japan P'folio Aug 14	$245.15	262.62	......	–
Pacific P'folio Aug 8	$10.77	11.54	......	–
NICS Europe and Income Fund				

	Bid Price	Offer Price	+ or –	Yield Gross
The Siam Fund (Cayman) Ltd				
Siam Fd NAV Aug 16	$18.16		......	–
Singer & Friedlander Ldn. Agents				
Tokyo Tst. NAV Aug 2	$19.50		......	0.9
Smaller Cos Tst June 31	163.5	171.5	......	2.5
Skandifund				
Skandinaviska Enskilda Banken				
Equity Int. Acc.	$11.42	12.00	......	–
Equity Int. Inc.	$10.67	11.22	......	–
Equity Global	$1.07	1.13	......	–
Far East	$1.80	1.90	......	–

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AMERICANS—Contd

1989 High	Low	Stock	Price £	+ or −	Div Gross	C'vr	Y'ld Gr's
36 5/16	24¼	Gen. Elect. 63c	36¼	+⅜	$1.64	–	2.9
568p	460p	♥General Host Corp $1	508p	+8	30c	–	3.7
39⅛	18¼	Gillette $1	28⅝	+⅛	96c	–	2.1
987p	601p	Gt American Bank Sk $1	849p	−40	60c	–	4.5
25⅝	16 1/16	Greyhound $1½	22⅝	....	$1.32	–	3.7
14¼	847p	Hasbro Inc 50c	13½	.....	16c	–	0.7
56¼	32¾	Honeywell $1½	56¼xd	+¼	$2.10	–	2.4
21⅜	15¼	Houston Inds. ‖	21⅛	+⅛	$2.96	–	8.9
74⅝	63 1/16	IBM Corpn $1¼	73⅛xd	−⅜	$4.84	–	4.2
60p	45p	♥Image Storage/R Sys 1c	55p	−3	–	–	–
30 1/16	18¾	Ingersoll-Rand $2	30 1/16xd	+11/16	$1.20	–	2.5
33	22½	Lockheed Crpn. $1	31⅝xd	+⅜	$1.80	–	3.6
22⅝	15 1/16	Lone Star Inds $1	22⅜	+11/16	$1.90	–	5.4
25⅜	17½	Louisiana Land 15c	25⅝xd	+⅛	$1.00	–	2.5
18¼	11⅞	Lowe's 50c	18¼	+⅜	48c	–	1.7
26 9/16	15 7/16	Manuf Hanover $1	26 9/16	+⅛	$3.28	–	7.9
22⅜	13 1/16	Merrill Lynch $1	22 1/16	−⅛	$1.00	–	2.9
2344p	1910p	Molex Inc.	2344p	+23	3.2c	–	–
27 7/16	18⅛	Morgan (JP) $2½	26 1/16xd	+⅛	$1.66	–	4.0
54½	36⅛	NYNEX $1	50⅛	+½	$4.36	–	5.5
24⅝	18¼	PHH Corp. §	24	+⅛	$1.12	–	3.0
259p	180p	♥Pacific Agr ‖	180p	.....	–	–	–
27¼	19	Pacificorp $3¼	26¼xd	+⅛	$2.76	–	6.4
27⅜	16⅞	Pacific Telesis 10c	26⅞	+⅛	$1.88	–	4.4
22⅛	15¼	Pall Corp. 25c	20⅛	+¼	48c	–	1.5
55⅜	39 5/16	Pennzoil 83 1/3c	52⅛xd	+⅛	$3.00	–	3.6
42¼	28⅞	Quaker Oats $5	40⅜	−1/16	$1.20	–	1.9
32⅛	23½	Rep NY Corpn $5	31 1/16xd	.....	$1.28	–	2.6
15⅛	11 11/16	Rockwell Intl. $1	14 5/16xd	+⅛	78c	–	3.4
35⅛	21⅝	Southwestern Bell $1	34⅛	+¼	$2.60	–	4.7
27⅝	17 9/16	Sun Co Inc. $1	24xd	+⅛	$1.80	–	4.7
30½	22 11/16	TRW Inc. 62½c	30⅛xd	−¼	$1.72	–	3.6
22⅝	14⅝	TW Services $5	22⅝	.....	10c	–	0.3
38 7/16	26¼	Tenneco $5	37⅝xd	+⅛	$3.04	–	5.1
35 7/16	28	Texaco $6 25	33⅛xd	+⅛	♦$3.00	–	5.6
28 13/16	21⅝	Texas Instr. $1	24⅛xd	+¼	72c	–	1.9
117 13/16	58⅝	Time Inc. $1	89⅛	−¼	$1.00	–	0.7
18 13/16	15 1/16	TRINOVA Corp	18⅝xd	+⅛	s68c	–	2.3
24⅛	16	USX $1	22⅛xd	−⅛	$1.40	–	4.0
252p	126p	♥Unilab	252p	.....	–	–	–
34⅛	22⅛	Utd Technologies	34½xd	+⅜	$1.60	–	2.9
158p	128p	♥Utilitech Inc.	147p	.....	–	–	–
46⅛	31½	US West‖	45⅝	+½	$3.76	–	5.2
36⅛	22⅝	Waste Management $1	36⅛xd	+⅛	48c	–	0.8
20¼	13½	Whirlpool $1	19⅛	−1⅛	$1.10	–	3.6
24⅛	16 1/16	Whitman Corp	21⅜	.....	$1.02	–	3.0
41¼	28⅛	♥Woolworth $3½	39⅜	−⅜	$1.88	–	3.0

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

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LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PAPER, PRINTING, ADVERTISING — Contd

[illegible]

PROPERTY

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES — Contd

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND — Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS — Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

MINES — Contd

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock"
- ° Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ *Not officially UK listed; dealings permitted under rule 535(4)(a)*
- ♣ USM, not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially listed.
- ∦ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ∥ No par value

B.Fr. Belgian Francs. Fr. French Francs §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya m Interim higher than previous total n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989 K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988 N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend, xc ex scrip issue, xr ex rights; xa ex all; xi ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... y	97	+1
Craig & Rose £1. y	830	..
Finlay Pkg 5p.... y	86	.....
Holt (Jos) 25p.... y	1330	−13

IRISH

Cap 8½% Ln 1991 y	£98½	......
9pc Cap Ln. 1996 y	£101	−¾
Fin. 13% 97/02.. y	£122¾	......
Arnotts.... .... y	415	......
Carrol (P.J.) . . . y	156	...
Hall (R & H.).... y	168	..
Helton Hldgs.. .... y	90	+2
Irish Ropes . .... y	210	..
United Drug.... ... y	151	+1

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons.... .... y	38
Amstrad .... y	11
BAT. .... y	80
BOC Grp................. y	42
BSR............ . . .. y	6½
BTR .... y	32
Barclays .... y	42
Blue Circle............. y	24
Boots. .... y	25
Bowaters ... . y	44
Brit Aerospace.......... y	52
British Steel.............. y	7½
Brit Telecom............ y	21
Burton Ord .... y	18
Cadburys .... y	46
Charter Cons............. y	48
Comm Union...... ...... y	32
Courtaulds .. . . . . y	30
FKI Babcock.......... y	14
FNFC........ .... y	22
Gen Accident............ y	85
GEC.. .... y	20
Glaxo............... ...... y	110
Grand Met.............. y	48
GUS 'A' .. .. y	90
Guardian.... .... y	18
GKN........................ y	34
Hanson. . ... y	16
Hawker Sidd............ y	60
ICI........................... y	100
Jaguar.. .... y	28
Ladbroke.. .... y	28
Legal & Gen..... .... y	26
Lex Service................ y	33
Lloyds Bank. .... y	29
Lucas Inds ... . y	58
Marks & Spencer..... y	15
Midland Bk .... y	30
Morgan Grenfell........ y	24
Nat West Bk . . . . y	25
P & O Dfd .. .. y	55
Plessey .. .. y	22
Polly Peck. . . .. y	26
Racal Elect........ ...... y	20
RHM. .... y	42
Rank Org Ord... .... .. y	80
Reed Intnl ... . y	34
STC .... y	32
Sears . ... y	10
Smithkline Bchm A.. y	50
TI .. .. y	38
TSB . . . . y	10
Tesco .... y	14
Thorn EMI .... y	58
Trust Houses .. . . y	24
T&N ... . y	18
Unilever .... y	46
Vickers ... . . y	18
Wellcome.... .. . . .. y	42

Property

Brit Land .... y	32
Land Securities . . y	52
MEPC .... y	50
Randsworth.... . .. y	28

Oils

Brit Petroleum.......... y	21
Burman Oil . .. ... y	50
Calor. ... . y	35
Charterhall ... . y	2½
Premier .. . . y	9
Shell . ... y	32
Ultramar.. .. .. y	26

Mines

Cons Gold... .. .. y	150
Lonrho .. .. y	38
RTZ .. .. y	48

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £985 per annum for each security.

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar awaits trade data

THE DOLLAR was volatile in thin and nervous foreign exchange trading, ahead of today's US trade report for June. It rose to a technical resistance point of DM1.9500, but failed to break through this level, finishing weaker overall as the approaching trade news led to a squaring of long dollar positions.

Sterling was supported by intervention from the Bank of England when it weakened in the early morning. This, coupled with encouraging UK economic data, produced a rally, with the pound closing firmer on the day against the dollar and D-Mark.

US economic news was slightly better than expected, leading to an attack on DM1.9500 but without too much conviction as attention had already focused on today's US trade figures. Yesterday's figures tended to underpin bullish sentiment surrounding the dollar, giving an excuse to drive the currency higher, but the market was in no mood to attach too much importance to data on housing starts and industrial production. This was particularly true since the figures were not far removed from most forecasts.

July housing starts rose at an annual rate 1.43m, against a revised 1.42m in June. Industrial production in July increased 0.2 per cent, compared with a revised fall of 0.1 per cent the previous month and capacity use by US industry was running at an unchanged 83.6 per cent.

Dealers are now waiting to see if the June US trade deficit is below $10bn. According to a survey by MMS International, economists are looking for a deficit of $9.4bn, against $10.2bn in May.

The dollar hovered for most of the day in the region of DM1.9400 and closed at DM1.9425, compared with DM1.9465 on Tuesday. It also fell to SFr1.6720 from SFr1.6775; and to FFr6.5600 from FFr6.5775, but was unchanged at Y142.15. The closing Bank of England index for the dollar was taken before the most volatile period and showed a rise to 71.1 from 71.0.

As London began trading sterling fell to a low of DM3.0500. The Bank of England intervened, not against the D-Mark, but buying pounds for dollars at around $1.5775. This continued the intervention seen late on Tuesday and was regarded as a signal to the market that sterling will not be allowed to fall.

As the pound recovered it received a little further support from news of a repayment of £1.4bn in the July UK public sector borrowing requirement, compared with a borrowing requirement of £700m in June. A repayment of £1.25bn was expected.

June industrial production rose 0.1 per cent, after falling 1.5 per cent in May, while manufacturing production fell 0.7 per cent after rising 1.3 per cent the previous month.

The figures did not have any great impact, but helped sterling finish 60 points higher at $1.5790 and rise to DM3.0675 from DM3.0625. The pound also climbed to Y224.50 from Y223.75; to SFr2.6400 from SFr2.6375; and to FFr10.3575 from FFr10.3475. Sterling's index rose 0.1 to 91.3.

£ IN NEW YORK

Aug.16	Latest	Previous Close
£ Spot	1.5820-1.5830	1.5745-1.5755
1 month	0.63-0.62pm	0.65-0.63pm
3 months	1.90-1.86pm	1.84-1.81pm
12 months	6.28-6.18pm	6.23-6.13pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Aug.16	Previous
8.30 am	91.0	91.5
9.00 am	91.1	91.4
10.00 am	91.0	91.4
11.00 am	91.0	91.2
Noon	91.2	91.2
1.00 pm	91.1	90.9
2.00 pm	91.1	91.1
3.00 pm	91.0	91.1
4.00 pm	91.3	91.2

CURRENCY RATES

Aug.16	Bank rate %	Special* Drawing Rights	European † Currency Unit
Sterling ‡	-	1.25683	1.47586
U.S Dollar	7	1.25331	1.06718
Canadian $	12.36	1.48166	1.25863
Austrian Sch.	5	N/A	14.6022
Belgian Franc	7.75	N/A	43.4021
Danish Krone	9½	9.46813	8.06146
Deutsche Mark	5.00	2.43844	2.07427
Neth.Guilder	6.00	2.75039	2.33851
French Franc	9½	N/A	7.00976
Italian Lira	13½	N/A	1490.63
Japanese Yen	3¼	178.534	151.859
Norway Krone	8	8.88095	7.57696
Spanish Peseta	-	N/A	129.705
Swedish Krona	9½	N/A	7.03484
Swiss Franc	5.5	2.10368	1.78699
Greek Drach.	20½	N/A	178.624
Irish Punt	-	0.91423	0.777034

‡ Sterling quoted in terms of SDR and ECU per £.
† European Commission Calculations.
* All SDR rates are for Aug.15

CURRENCY MOVEMENTS

Aug.16	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.3	-19.9
U.S Dollar	71.1	-6.7
Canadian Dollar	105.1	+1.2
Austrian Schilling	106.5	+9.5
Belgian Franc	105.9	-6.1
Danish Krone	103.2	-1.7
Deutsche Mark	112.5	+20.1
Swiss Franc	107.2	+16.1
Guilder	110.1	+13.1
French Franc	99.4	-15.4
Lira	99.5	-18.6
Yen	139.5	+69.8

Morgan Guaranty changes: average 1980-1982 = 100. Bank of England Index (Base Average 1985=100) **Rates are for Aug.15

OTHER CURRENCIES

Aug.16	£	$
[illegible]	[illegible]	[illegible]

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Aug.16	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4021	+2.22	+1.05	±1.5424
Danish Krone	7.85212	8.06146	+2.67	+1.50	±1.6419
German D-Mark	2.05853	2.07427	+0.76	-0.41	±1.1019
French Franc	6.90403	7.00976	+1.53	+0.36	±1.3719
Dutch Guilder	2.31943	2.33851	+0.82	-0.35	±1.5019
Irish Punt	0.768411	0.777034	+1.12	-0.05	±1.6689
Italian Lira	1483.58	1490.63	+0.48	-0.69	±4.0815
Spanish Peseta	133.804	129.705	-3.06	-	-

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Aug.16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.5715-1.5815	1.5785-1.5795	0.64-0.61cpm	4.75	1.90-1.86pm	4.76
Canada	1.8515-1.8620	1.8585-1.8595	0.27-0.19cpm	1.48	0.79-0.66pm	1.56
Netherlands	3.43¼-3.46¼	3.45¼-3.46¼	2-1⅞cpm	6.51	5¾-5½pm	6.51
Belgium	63.80-64.30	64.05-64.15	31-29cpm	5.62	88-84pm	5.37
Denmark	11.87¼-11.92¾	11.91¾-11.92¾	4½-4¼orepm	4.53	13¼-12⅞pm	4.42
Ireland	1.1415-1.1520	1.1485-1.1495	0.45-0.40ppm	4.44	1.20-1.10pm	4.00
W. Germany	3.05-3.07	3.06½-3.07	1¾-1⅝pfpm	6.85	5¼-5pm	6.68
Portugal	254.50-257.00	256.00-257.00	17-10cpm	0.63	16-84dis	-0.78
Spain	190.85-191.80	191.15-191.45	3-14cdis	-0.53	13-32dis	-0.47
Italy	2195½-2206¼	2202¼-2203¼	3-2lirepm	1.36	9-7pm	1.45
Norway	11.16¼-11.21¾	11.20¼-11.21¼	3-2½orepm	2.94	7⅜-6¼pm	2.52
France	10.32½-10.36¼	10.35¼-10.36¼	4¼-3¾cpm	4.71	12¼-11¾pm	4.66
Sweden	10.37-10.41	10.40-10.41	1⅞-1⅝orepm	2.02	5½-5pm	2.02
Japan	223¼-225	224-225	1⅝-1½ypm	8.35	4¾-4⅝pm	8.35
Austria	21.46-21.65	21.62-21.65	13-11gropm	6.66	36-32pm	6.29
Switzerland	2.63-2.64¼	2.63½-2.64½	1½-1⅜cpm	6.53	4¾-4½pm	6.44
ECU	1.4780-1.4885	1.4780-1.4790	0.58-0.55cpm	4.59	1.65-1.60pm	4.40

Commercial rates taken towards the end of London trading. Belgian rate is convertible francs. Financial franc 64.40-64.50 Six-month forward dollar 3.58-3.53cpm 12 months 6.22-6.12cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Aug.16	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.5715-1.5815	1.5785-1.5795	0.64-0.61cpm	4.75	1.90-1.86pm	4.76
Ireland†	1.3685-1.3790	1.3750-1.3760	0.10-0.05cpm	0.66	0.40-0.30pm	1.02
Canada	1.1770-1.1795	1.1780-1.1790	0.29-0.32cdis	-3.10	0.90-0.95dis	-3.14
Netherlands	2.1820-2.1985	2.1885-2.1895	0.33-0.31cpm	1.75	0.93-0.89pm	1.58
Belgium	40.45-40.80	40.55-40.65	3.50-2.00cpm	0.81	6.50-4.00pm	0.52
Denmark	7.51¼-7.57½	7.54¾-7.55¼	par-0.25oredis	-0.20	0.60-1.00dis	-0.42
W. Germany	1.9335-1.9500	1.9420-1.9430	0.35-0.32pfpm	2.07	0.93-0.91pm	1.89
Portugal	162.40-162.75	160.40-160.50	55-70cdis	-4.62	210-250dis	-5.66
Spain	121.05-121.80	121.30-121.40	50-60cdis	-5.44	158-168dis	-5.37
Italy	1390¼-1400	1394¾-1395¼	3.90-4.40liredis	-3.57	12.00-12.70dis	-3.54
Norway	7.07¼-7.11½	7.09½-7.10	1.00-1.25oredis	-1.90	4.15-4.45dis	-2.42
France	6.54¼-6.59	6.55¾-6.56¼	0.05-0.10cdis	-0.14	0.25-0.40dis	-0.15
Sweden	6.57-6.60½	6.58¾-6.59¼	1.45-1.60oredis	-2.78	4.60-4.85dis	-2.87
Japan	141.40-142.55	142.10-142.20	0.46-0.44ypm	3.80	1.30-1.27pm	3.61
Austria	13.62¾-13.72¾	13.67¾-13.68¼	2.50-2.00gropm	1.97	6.40-4.90pm	1.65
Switzerland	1.6660-1.6800	1.6715-1.6725	0.24-0.21cpm	1.61	0.68-0.65pm	1.59
ECU	1.0670-1.0695	1.0685-1.0695	0.03-0.01cpm	0.22	0.12-0.10pm	0.41

Commercial rates taken towards the end of London trading.† UK, Ireland and the ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 40.75-40.85.

EURO-CURRENCY INTEREST RATES

Aug.16	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	13¾-13⅝	13¾-13⅝	13⅞-13¾	13⅞-13⅞	13¾-13⅞	13½-13⅜
US Dollar	9⅛-8⅞	9⅛-8⅞	9⅛-8⅞	8⅞-8¾	8¾-8⅝	8¾-8⅝
Can. Dollar	12-11¾	12-11¾	12-11¾	12-11¾	11⅞-11¾	11½-11¼
D. Guilder	7⅜-7¼	7¼-7	7⅜-7¼	7⅜-7¼	7⅜-7¼	7⅜-7¼
Sw. Franc	7⅜-7⅛	7½-7¼	7⅜-7¼	7⅜-7⅛	7⅛-7⅛	7⅛-6⅞
Deutschmark	7-6¾	7-6¾	7-6¾	7⅛-6⅞	7⅛-6⅞	7⅛-6⅞
Fr. Franc	9⅛-9	9⅛-9	9⅛-9	9⅛-8⅞	9-8⅞	9-8⅞
Italian Lire	12-10	13¼-12¼	12¾-12¼	12½-12	12⅝-12⅛	12⅝-12⅛
B. Fr. (Fin)	8½-8⅜	8½-8⅜	8½-8⅜	8⅞-8⅞	8½-8⅜	8½-8⅜
B. Fr. (Con.)	8⅝-8¼	8⅝-8¼	8⅝-8¼	8⅝-8⅜	8⅝-8¼	8⅝-8¼
Yen	5⅜-5¼	5⅜-5¼	5⅜-5¼	5⅞-5⅝	5⅞-5⅝	5⅞-5¾
D. Krone	9½-9	9½-9¼	9½-9¼	9⅝-9⅜	9⅝-9⅜	9⅝-9⅜
Asian $Sing.	9⅛-9	9⅛-9	9⅛-9	9-8¾	8¾-8½	8¾-8½

Long term Eurodollars: two years 8⅞-8¾ per cent; three years 9-8⅞ per cent; four years 9-8⅞ per cent; five years 9⅛-8⅞ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Aug.16	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
[illegible]										

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Short sterling prices firmer

FINANCIAL FUTURES adopted a more bullish tone in yesterday's Liffe market. Short sterling and long gilt contracts were underpinned by better than expected UK economic data and a rise in the pound, while US instruments were firmer despite slightly stronger than expected figures on July industrial production and capacity utilisation. The dollar did start to fall late in the day, but this was too late to affect trading in the Liffe market.

Three-month sterling deposits for December delivery all but discount a full one point reduction in bank base rates to 13 per cent, finishing at 86.95 compared with 86.88 on Tuesday. But many traders still see the price as both over-optimistic and expensive. The cash equivalent of 13¾-13⅞ per cent is regarded as being much more realistic because the chances of a cut in rates this year appear slim.

US Treasury bond futures finished below their best levels but still retained much of the gains established earlier in the day on short covering. The September price touched a high of 97-01 before finishing at 96-27 compared with 96-10 on Tuesday.

West German Government bonds moved higher in quite active trading; the September price closed at 95.34 from 95.18. Sentiment was influenced by the D-Mark's stronger performance against the dollar.

LIFFE LONG GILT FUTURES OPTIONS
[illegible]

LIFFE US TREASURY BOND FUTURES OPTIONS
[illegible]

LIFFE BUND FUTURES OPTIONS
[illegible]

LIFFE £/$ OPTIONS
[illegible]

LIFFE EURODOLLAR OPTIONS
[illegible]

LIFFE SHORT STERLING OPTIONS
[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

7-10 YEAR 9% NOTIONAL GILT £50,000 32nds of 100% — [illegible]

US TREASURY BONDS 8% $100,000 32nds of 100% — [illegible]

6% NOTIONAL GERMAN GOVT. BOND DM250,000 100ths of 100% — [illegible]

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100% — [illegible]

THREE MONTH STERLING £500,000 points of 100% — [illegible]

	Close	High	Low	Prev.
	[illegible]	[illegible]	[illegible]	86.26
	[illegible]	[illegible]	[illegible]	86.88
	[illegible]	[illegible]	[illegible]	87.83
	[illegible]	[illegible]	[illegible]	88.39

THREE MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev.
	[illegible]	[illegible]	[illegible]	91.21
	[illegible]	[illegible]	[illegible]	91.35
	[illegible]	[illegible]	[illegible]	91.54
	[illegible]	[illegible]	[illegible]	91.54

THREE MONTH EUROMARK DM 1m points of 100%

	Close	High	Low	Prev.
	[illegible]	[illegible]	[illegible]	92.95
	[illegible]	[illegible]	[illegible]	93.00
	[illegible]	[illegible]	[illegible]	93.17
	[illegible]	[illegible]	[illegible]	93.27

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev.
	[illegible]	[illegible]	[illegible]	2331.0
	[illegible]	[illegible]	[illegible]	2374.0

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.5790	1.5728	1.5602	1.5435	1.5173

IMM-STERLING $ per £

	Latest	High	Low	Prev.
	[illegible]	[illegible]	[illegible]	1.5718
	[illegible]	[illegible]	[illegible]	1.5534
	[illegible]	[illegible]	[illegible]	1.5360

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100% — [illegible]

JAPANESE YEN (IMM) Y12.5m $ per Y100 — [illegible]

DEUTSCHE MARK (IMM) DM125,000 $ per DM — [illegible]

U.S. TREASURY BILLS (IMM) $1m points of 100% — [illegible]

THREE-MONTH EURODOLLAR (IMM) $1m points of 100% — [illegible]

SWISS FRANC (IMM) SFr 125,000 $ per SFr — [illegible]

STANDARD & POORS 500 INDEX $500 times index — [illegible]

PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per £1)

Strike Price	Calls Sep	Calls Oct	Calls Nov	Calls Dec	Puts Sep	Puts Oct	Puts Nov	Puts Dec
[illegible]								
1.600	1.35	2.02	2.29	2.62	4.55	5.55	6.36	7.37
1.625	0.75	1.31	1.66	1.98	6.42	7.45	8.12	9.12
1.650	0.37	0.80	1.11	1.40	8.52	9.40	10.03	11.01
1.675	0.15	0.46	0.71	0.95	10.79	11.54	12.09	13.03
1.700	0.06	0.23	0.42	0.63	13.15	13.80	14.27	15.16
1.725	0.03	0.10	0.23	0.39	15.56	16.13	16.72	17.37

Previous day's open int: Calls 330,776 Puts 311,568 (All currencies)
Previous day's volume: Calls 7,358 Puts 13,715 (All currencies)

BASE LENDING RATES

	%		%		%
ABN Bank	14	Clydesdale Bank	14	NatWestminster	14
Adam & Company	14	Comm.Bk.N.East	14	Northern Bank Ltd	14
AAB - Allied Arab Bk	14	Co-operative Bank	*14	Norwich Gen. Trust	14
Allied Irish Bank	14	Coutts & Co	14	PRIVATbanken Limited	14
● Henry Ansbacher	14	Cyprus Popular Bk	14	Provincial Bank PLC	15
Associates Cap Corp	14	Dunbar Bank PLC	14	R. Raphael & Sons	14
Authority Bank	14	Duncan Lawrie	14	Roxburghe G'rantee	14½
● B & C Merchant Bank	14	Equatorial Bank plc	14	Royal Bk of Scotland	14
Bank of Baroda	14	Exeter Trust Ltd	14½	Royal Trust Bank	14
Banco Bilbao Vizcaya	14	Financial & Gen. Bank	14	● Smith & Williamson Secs.	14
Bank Hapoalim	14	First National Bank Plc.	15	Standard Chartered	14
Bank Credit & Comm	14	● Robert Fleming & Co.	14	TSB	14
Bank of Cyprus	14	Robert Fraser & Ptnrs.	14½	United Bk of Kuwait	14
Bank of Ireland	14	Girobank	14	United Mizrahi Bank	14
Bank of India	14	● Guinness Mahon	14	Unity Trust Bank Plc	14
Bank of Scotland	14	HFC Bank plc	14	Western Trust	14
Banque Belge Ltd	14	● Hambros Bank	14	Westpac Bank Corp.	14
Barclays Bank	14	Heritable & Gen Inv Bnk	14	Whiteaway Laidlaw	14
Beneficial Bank PLC	14	● Hill Samuel	§14	Yorkshire Bank	14
Berliner Bank AG	14	C. Hoare & Co.	14		
Brit Bk of Mid East	14	Hongkong & Shangh	14		
● Brown Shipley	14	● Leopold Joseph & Sons	14		
Business Mtge Tst	14½	Lloyds Bank	14		
CL Bank Nederland	14	Meghraj Bank Ltd	14		
● Charterhouse Bank	14	McDonnell Douglas Bnk	14		
Citibank NA	14	Midland Bank	14		
City Merchants Bank	14	Mount Banking	14		
		Nat Bk. of Kuwait	14		

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EUROPEAN OPTIONS EXCHANGE

Series		Aug. 89 Vol	Aug. 89 Last	Nov. 89 Vol	Nov. 89 Last	Feb. 90 Vol	Feb. 90 Last	Stock
Gold C	$ 370	40	1.60	1	13	-	-	$ 368.30
Gold P	$ 360	-	-	100	4.50	-	-	$ 368.30
[illegible]								

TOTAL VOLUME IN CONTRACTS : 47,719
A=Ask B=Bid C=Call P=Put

MONEY MARKETS

Cautious tone

INTEREST RATES were barely changed in London yesterday despite a relatively favourable response to the latest batch of economic data. While manufacturing output showed a 0.7 per cent decline in June against expectations of a 0.3 per cent rise, attention still remained focused on July average earnings data due for release today.

Three-month interbank money was quoted at 13⅞-13¾ per cent, against 13⅞-13¾ per cent on Tuesday, while the one-year rate edged up to 13⅝-13½ per cent from 13⅝-13½.

UK clearing bank base lending rate 14 per cent from May 24

Overnight money opened at 13¾-13½ per cent and touched a low of 13 because moving up to a high of 15 per cent.

The Bank of England forecast a shortage of around £500m. Factors affecting the market included bills maturing in official hands and a take-up of Treasury bills, together with repayment of late assistance draining £790m. There was also a rise in the note circulation of £120m. These were partly offset by Exchequer transactions which added £390m and banks' balances brought forward £20m above target.

The Bank gave assistance in the morning of £152m through outright purchases of eligible bank bills in band 1 at 13⅞ per cent. Further help in the afternoon came to £271m through bank bill purchases in band 1 at 13⅞ per cent.

In Frankfurt, rumours of an early change to commercial banks' minimum reserve requirements with the Bundesbank were countered by comments made by Mr Helmut Schlesinger, deputy president of the central bank. Mr Schlesinger stressed that minimum reserves remain an important part of monetary policy and that there are no proposals to change the system.

The denial came after reports that certain reserve requirements were likely to be abolished next month. The reserves are held by the Bundesbank but the authorities do not pay interest, and the requirement is calculated on the size of each commercial bank's deposits.

Meanwhile, the Bundesbank accepted bids of DM22.6bn at its latest two-tranche sale and repurchase tender, coinciding with two maturing agreements of DM24bn. The latest injection of liquidity was split between acceptances of DM16.7bn at 6.65-6.90 per cent for the 35-day agreement, and DM5.9bn at 6.75-6.85 per cent for the 63-day facility.

In Brussels, the Belgian central bank also restricted the supply of liquidity to the money market after allocating just BFr23.2bn through 14-day repurchase agreements compared with BFr24bn leaving the market as earlier agreements matured.

FT LONDON INTERBANK FIXING

(11.00 a.m. Aug.16) 3 months US dollars | 6 months US Dollars

bid	offer	bid	offer
[illegible]	[illegible]	[illegible]	[illegible]

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

[illegible]

Aug.16	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]					
Paris	[illegible]					
Zurich	[illegible]					
Amsterdam	[illegible]					
Tokyo	[illegible]					
Milan	[illegible]					
Brussels	[illegible]					
Dublin	[illegible]					

LONDON MONEY RATES

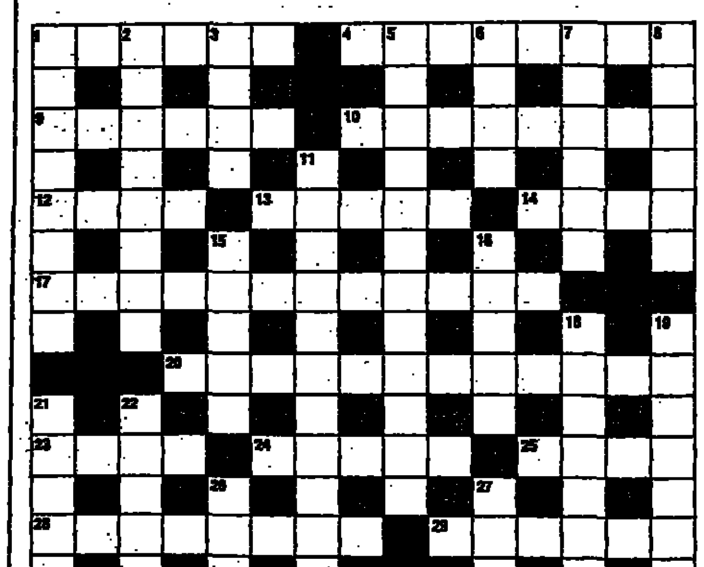
Aug.16	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]					
Interbank Bid	[illegible]					
Sterling CDs	[illegible]					
Local Authority Deps.	[illegible]					
Local Authority Bonds	[illegible]					
Discount Mkt Deps.	[illegible]					
Company Deposits	[illegible]					
Finance House Deposits	[illegible]					
Treasury Bills (Buy)	[illegible]					
Bank Bills (Buy)	[illegible]					
Fine Trade Bills (Buy)	[illegible]					
Dollar CDs	[illegible]					
SDR Linked Dep Offer	[illegible]					
SDR Linked Dep Bid	[illegible]					
ECU Linked Dep Offer	[illegible]					
ECU Linked Dep Bid	[illegible]					

[illegible]

JOTTER PAD

CROSSWORD

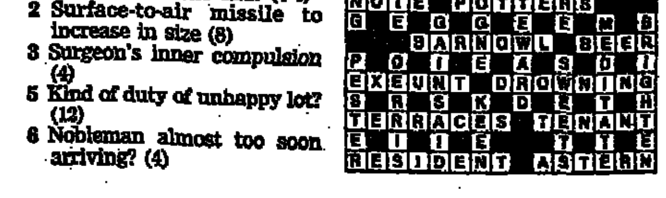
No.7,014 Set by DINMUTZ



ACROSS
1 Thin material for Tessa's first child (6)
4 Salary-ceiling required for one on the bottle? (5-3)
9 Shed in Berkshire town (6)
10 Rare find, perhaps, at one end of the rainbow (5-3)
12 Bills for cigarettes (4)
13 Game of many skills (5)
14 Such a boundary gives lead (4)
17 Perhaps spot the potter's mark? (3-4)
20 Describing the strain of using energy in Anglo-Gaelic translation? (7)
23 Providing piece for a Roman poet (4)
24 Begin street painting (5)
25 Churl left, dismissed (4)
28 Draughts in English country-house, some say (8)
29 Lupin-raiser in Holloway (6)
30 Bookishness of peer digesting Dante, perhaps (8)
31 Waiter almost disappeared around Circle Line (6)

DOWN
1 Trial on underground that is closed off at one end? (4-4)
2 Surface-to-air missile to increase in size (8)
3 Surgeon's inner compulsion (4)
5 Kind of duty of unhappy lot? (12)
6 Nobleman almost too soon arriving? (4)
7 Angry outburst of one caught in traffic (6)
8 Ready to bat, power-assisted? (6)
11 But it seldom, if ever, provides a second shock (4-8)
15 Farmer's drawer for papers? (5)
16 Works hard for ship holding record (5)
18 A cryptographer's ruse of simply taking initial characters (8)
19 Characterless club, this, for evening out (4-4)
21 Protection for a climber making his first purchase? (6)
22 Balmy place for soldier to take guide (6)
26 Southern family fell (4)
27 Planned go at encircling Julius Caesar (4)

Solution to Puzzle No.7,013



WORLD STOCK MARKETS

AUSTRIA | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | FRANCE (continued) | GERMANY | GERMANY (continued) | ITALY | ITALY (continued) | NETHERLANDS | NORWAY | SPAIN | SWEDEN | SWITZERLAND | SOUTH AFRICA | JAPAN | AUSTRALIA | AUSTRALIA (continued) | HONG KONG | SINGAPORE

[illegible]

CANADA

TORONTO
2pm prices August 16

[illegible]

INDICES

NEW YORK — DOW JONES

	Aug 15	Aug 14	Aug 11	Aug 10	1989 High	1989 Low	Since compilation High	Since compilation Low
Industrials	2667.78	2677.92	2683.99	2712.63	2712.63 (10/8)	2144.64 (3/1)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	93.30	93.35	93.44	93.39	94.15	87.35		
Transport	1403.65	1413.94	1413.23	1419.63	1419.63 (10/8)	969.95 (3/1)	1419.63 (10/8/89)	12.32 (8/7/32)
Utilities	216.23	216.23	217.56	220.20	221.64 (1/8)	181.84 (24/2)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2705.24 (2702.96) Low 2665.02 (2654.97)

STANDARD AND POOR'S	Aug 15	Aug 14	Aug 11	Aug 10	1989 High	1989 Low	Since compilation High	Since compilation Low
Composite ‡	344.71	343.06	344.74	348.25	349.41 (7/8)	275.31 (3/1)	349.41 (7/8/89)	4.40 (1/6/32)
Industrials	394.71	392.77	394.38	398.56	399.68 (8/8)	318.66 (3/1)	399.68 (8/8/89)	3.62 (21/6/32)
Financial	32.98	32.85	33.21	33.41	33.59 (7/8)	24.30 (3/1)	33.59 (7/8/89)	8.64 (1/10/74)
NYSE Composite	192.08	191.37	192.27	193.97	194.23 (8/8)	154.98 (3/1)	194.23 (8/8/89)	4.46 (25/4/42)
Amex Mkt. Value	379.82	379.00	380.64	382.24	382.24 (10/8)	305.24 (3/1)	382.24 (10/8/89)	29.31 (9/12/72)
NASDAQ Composite	460.91	459.99	462.48	463.55	463.55 (10/8)	378.56 (3/1)	463.55 (10/8/89)	54.87 (31/10/72)

	Aug 11	Aug 4	July 28	year ago (approx.)
Dow Industrial Div. Yield	3.43	3.41	3.44	3.73

	Aug 9	Aug 2	July 28	year ago (approx.)
S & P Industrial div. yield	2.86	3.28	2.90	3.12
S & P Indl. P/E ratio	14.49	14.43	14.22	14.10

TRADING ACTIVITY † Volume

Millions	Aug 15	Aug 14	Aug 11
New York	148.770	142.010	197.550
Amex	14.341	10.857	15.844
OTC	133.496	100.446	139.264

NEW YORK	Aug 15	Aug 14	Aug 11
Issues Traded	1,979	1,972	2,003
Rises	779	480	573
Falls	676	969	948
Unchanged	524	523	482
New Highs	68	50	150
New Lows	22	5	9

CANADA

TORONTO	Aug 15	Aug 14	Aug 11	Aug 10	1989 High	1989 Low
Metals & Minerals	3778.1	3733.6	3716.4	3715.8	3778.1 (15/8)	3207.5 (3/1)
Composite	4002.1	3994.2	3996.4	4019.7	4019.7 (10/8)	3350.5 (6/1)
MONTREAL Portfolio	2027.46	2021.71	2024.75	2035.23	2035.23 (10/8)	1677.48 (3/1)

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Smith	2,350,200	18¼	+ ⅛	Panhandle Eastern	1,729,300	27⅞	+ ⅛
Texas Utilities	2,048,100	32¼	− ⅛	Pan Am	1,610,300	4	
Macdonald's	1,866,200	29⅜	+ ⅝	Occidental Pet	1,574,600	28½	+ ⅝
Ford Motor	1,856,100	51	+ ⅞	Am T & T	1,450,500	38¼	+ ¼
Gen Motors	1,753,700	45½	+ 1⅛	Citicorp	1,323,200	31¾	+ ⅛

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Aug 16	Aug 15	Aug 14	Aug 11	1989 High	1989 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1719.4	1713.4	1715.5	1695.0	1719.4 (16/8)	1412.9 (7/4)
All Mining (1/1/80)	815.2	809.2	808.2	791.6	815.2 (16/8)	652.6 (7/4)
AUSTRIA						
Credit Aktien (30/12/84)	396.62	(c)	393.51	391.28	396.62 (16/8)	219.5 (2/1)
BELGIUM						
Brussels SE (1/1/80)	(u)	(c)	(c)	6325.43	6325.43 (11/8)	5519.30 (4/1)
DENMARK						
Copenhagen SE (3/1/83)	336.96	333.09	333.84	334.38	356.65 (12/7)	275.49 (27/2)
FINLAND						
Unitas General (1975)	772.3	769.1	767.5	768.6	815.8 (18/4)	723.3 (4/1)
FRANCE						
CAC General (31/12/82)	509.8	(c)	(c)	507.2	509.8 (16/8)	417.9 (4/1)
Ind. Tendance (30/12/88)	122.2	(c)	(c)	122.2	122.4 (28/7)	97.5 (27/2)
GERMANY						
FAZ Aktien (31/12/58)	655.82	647.10	654.44	663.04	664.22 (10/8)	535.78 (27/2)
Commerzbank (1/12/53)	1962.0	1935.0	1958.1	1984.9	1990.1 (10/8)	1595.7 (27/2)
DAX (30/12/87)	1581.04	1573.65	1584.37	1608.60	1609.93 (10/8)	1271.70 (23/2)
HONG KONG						
Hang Seng Bank (31/7/64)	2635.90	2638.19	2640.39	2613.39	3309.64 (15/5)	2093.61 (5/6)
ITALY						
Banca Com. Ital. (1972)	693.22	(c)	(u)	702.77	703.94 (9/8)	577.49 (28/2)
JAPAN						
Nikkei (16/5/49)	35084.15	34810.69	34671.62	34712.9	35084.15 (16/8)	30183.79 (5/1)
Tokyo SE (Topix) (4/1/68)	2650.61	2633.33	2632.97	2638.20	2650.61 (16/8)	2366.91 (6/1)
NETHERLANDS						
CBS Ttl. Rtn. Gen. (End 1983)	265.2	263.7	263.2	264.9	265.2 (16/8)	208.3 (3/1)
CBS All Shr (End 1983)	206.3	205.1	204.8	206.0	206.3 (16/8)	166.7 (1/3)
NORWAY						
Oslo SE (2/1/83)	648.29	636.09	635.00	639.32	668.90 (14/7)	467.17 (2/1)
SINGAPORE						
Straits Times Ind. (30/12/66)	1377.30	1371.57	1379.96	1377.40	1379.96 (14/8)	1030.69 (4/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1659.0♦	1608.0	1600.0	1620.0	1685.0 (3/8)	1291.0 (15/2)
JSE Industrial (28/9/78)	2783.0♦	2765.0	2757.0	2761.0	2783.0 (16/8)	1961.0 (3/1)
SPAIN						
Madrid SE (30/12/85)	311.42	(c)	311.78	311.75	315.90 (13/6)	268.61 (1/3)
SWEDEN						
Jacobson & P. (31/12/56)	4660.3	4612.9	4572.4	4566.8	4660.3 (16/8)	3333.9 (3/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	813.4	808.6	815.0	819.3	821.7 (9/8)	613.1 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	537.6	537.5	541.6	551.2 (3/8)	487.6 (13/6)

♦ Subject to official recalculation.

Base values of all indices are 100 except Brussels SE and DAX – 1,000 JSE Gold – 255.7 JSE Industrials – 264.3 and Australia, All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

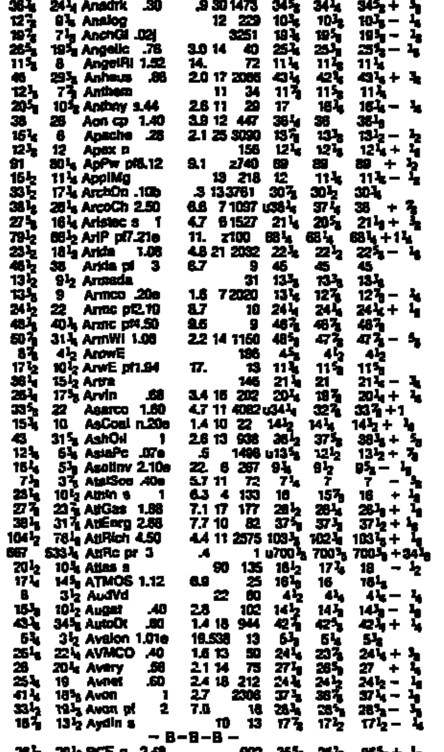
TOKYO - Most Active Stocks
Wednesday August 16 1989

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon Steel	23.11m	832	+2	Sumitomo Metal	9.37m	810	+10
Bridgestone	18.10m	1,800	+50	Hitachi	9.35m	1,710	-10
Tokyo Steel	11.79m	5,270	-30	Sony	7.79m	8,800	-90
Mazda	10.77m	1,070	0	Nakayama	7.37m	2,180	+110
Nissan	9.42m	1,590	-10	Honda Motor	7.31m	2,120	0

3pm prices August 16

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		– A – A – A –								
33¾	21¾	AAR	.44	1.4	20	194	31⅝	31½	31⅝	
10¼	8¾	ACM n	1.01	11.		235	9½	9⅜	9⅜	– ⅛
11⅝	10¼	ACMIn	1.26a	11.		454	11½	11⅜	11½	+ ⅛
10¼	8½	ACM M	n1.01	11.		250	9⅛	9⅛	9⅛	– ⅛
11½	10	ACM Sc	1.26	11.		1374	11⅜	11¼	11⅜	+ ⅛
9⅝	8⅞	ACMSp	1.01	11.		682	9¼	9⅛	9¼	+ ⅛
18	10⅞	AL Lab	.12	.8	17	235	16⅛	15⅞	16	– ⅛
4⅜	3⅛	AMCA	.12e	3.1	26	16	3⅞	3⅞	3⅞	– ⅛
6¼	4½	AM Intl				491	5⅜	5¼	5¼	– ⅛
23½	20⅝	AM In pf	2	9.0		32	22¼	22⅛	22⅛	– ⅛
79¼	40⅞	AMR			8	10927	74½	73	74	– ⅛
27	25	ANR pf	2.67	10.		41	25¾	25½	25¾	+ ¼
8	3⅝	ARX				20	4⅛	4	4	– ⅛
44⅛	35¼	ASA	3a	7.0		407	43½	42¾	42⅞	– ⅛
22⅞	15¼	AVX	.24	1.2	9	293	19⅞	19⅝	19⅝	
66	43⅛	AbtLab	1.40	2.2	17	2780	62½	61⅞	62½	+ ½
19¼	13¾	Abitibi g	1			24	15⅛	15⅛	15⅛	+ ⅛
13	7½	AcmeC	.40	3.6		7	11¼	11¼	11¼	+ ⅛
8⅛	5⅞	AcmeE	.32	3.8	20	64	8⅜	8⅜	8½	– ⅛
34⅞	20¼	Acuson			24	182	33	32⅞	33	+ ⅛
16⅞	14¼	AdaEx	1.83e	11.		z120	16⅛	16⅛	16⅛	
12⅞	7⅛	AMD				452	8⅝	8½	8⅝	
38½	28¾	AMD pf	3	9.5		6	31½	31⅝	31½	+ ⅛
11⅞	6½	Adobe				314	11⅜	11¼	11¼	+ ⅛
19⅝	16½	Adob pf	1.84	9.9		12	18⅝	18½	18⅝	+ ⅛
21⅝	19⅞	Adob pf	2.40	11.		96	21⅛	20⅞	21	– ⅛
10⅛	6⅞	Advest	.12	1.3	16	157	9¼	9	9⅛	– ⅛
60¼	46	AetnLf	2.76	4.7	9	1172	59	58⅝	58⅞	+ ⅛
14	12⅛	AfilPb				349	13⅜	13⅛	13⅜	+ ⅛
23¾	14⅞	Ahmans	.88	4.0	11	2336	22⅜	22⅛	22¼	
4⅝	2¼	Aileen				33	2⅜	2¼	2¼	– ⅛
48⅛	37⅛	AirPrd	1.32	2.8	12	207	47	46½	46⅞	+ ⅜
36	15⅞	AirbFrt	.60	1.8	22	347	34½	33¾	33½	– ⅞
25¾	13⅞	Airgas			14	5	23¾	23¾	23¾	
20½	17⅞	Airlease	2.40	12.	9	26	20⅛	20⅛	20⅛	+ ⅛
10	8½	AlaP	dpf.87	8.9		37	9⅞	9⅞	9⅞	
92	80	AlaP pf	8.16	9.0		z720	90½	90½	90½	+ ⅛



Continued on Page 37

NYSE COMPOSITE PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from previous Page

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
33	24½	XTRA pf1.94		7.4		10	25½	25⅞	25⅞	− ⅛
4¼	2	Zapata				2061	2⅝	2½	2½	− ⅛
15½	10½	Zemex	.40	3.5	126	2	11⅝	11⅝	11⅝	
22⅝	16¼	ZenithE				374	17⅝	17⅜	17½	+ ⅛
10⅞	8⅞	Zeninc	1.26	13.		202	9½	9⅜	9⅜	
2⅛	1⅛	vjZenLb				399	1⅜	1¼	1¼	
20¼	15	ZenNtl	.84	4.3	9	122	19¾	19½	19½	+ ⅛
22⅝	14⅛	Zero	.50	2.3	17	374	22	21⅞	22	+ ⅛
44¾	21¼	Zurnin	.68	1.7	20	224	40⅞	40⅛	40¼	
12	10	Zweig	1.09e	9.2		323	11⅞	11¾	11⅞	+ ⅛
10⅛	8⅞	Zweig n	.96	10.		1543	9⅝	9½	9⅝	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3pm prices August 16

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng

OVER-THE-COUNTER

Nasdaq national market, 3pm prices August 16

Stock	Div.	Sales 100s	High	Low	Last	Chng
XL Dta s		19 172	24⅛	23⅞	24¼	+ ½
XOMA		812	19¼	19	19	− ¼
Xicor		9 322	5⅞	6	6⅛	− ⅛
YelowF	.76	11 297	30¼	30	30¼	− ⅛
ZionUt	1.44	45	28	27	27	− ⅛
Zycad		972	2⅞	2¾	2⅞	

AMERICA

Airline stocks drop back while Dow drifts upwards

Wall Street

A DESULTORY day on Wall Street saw stocks drifting higher, *writes Karen Zagor in New York.*

At 2 pm, the Dow Jones Industrial Average was up 8.54 points at 2,696.32. Trading was slow on the New York Stock Exchange and only about 96m shares had changed hands by 1 pm. Advancing issues led those declining by a ratio of eight to five.

The equity market was largely unmoved by a series of July economic reports which indicated continued slow growth of the US economy. Industrial production rose 0.2 per cent last month, the capacity utilisation rate dipped to 83.9 per cent from 84 per cent a month earlier and housing starts rose 0.8 per cent. The figures were in line with analysts' expectations.

The data had little impact on the debt market, where Treasuries were trading a fraction higher yesterday morning. At midsession, the Treasury's bellwether 30-year bond was up ⅛ point at 99⅞, yielding 8.14 per cent.

Fed Funds, the rate at which banks lend money to each other, were at 9¹⁄₁₆ per cent through most of the morning. The Federal Reserve did not arrange any open market operations.

Wall Street is now waiting for the June trade report, due to be issued today and Friday's release of the July consumer price index.

Transportation stocks were the only sector to trade lower yesterday morning. At 1 pm the Dow Jones Transportation Average was down 1.60 points at 1,403.09.

UAL, the parent of United Airlines which has received a takeover bid of $240-a-share, dropped $1⅛ to $252¾. AMR, the parent of American Airlines, was down $¼ at $78⅞. Texas Air, parent of Continental and the troubled Eastern airlines, slipped $⅜ to $17⅞. Delta Air Lines fell $⅜ to $73⅝ and USAir was down $¼ at $49⅛.

The three big car makers continued to post gains following Tuesday's release of better-than-expected sales for the beginning of August. Ford Motor was up $¾ at $51¾, Chrysler gained $¼ to $25¼ and General Motors added $⅜ to $46⅛.

Hilton Hotels fell $1⅛ to $106⅞ after two putative bidders for the company said they had not been talking to Hilton.

Toys "R" Us gained $¾ to $32⅛. The international toy store chain reported second quarter earnings of 12 cents a share, unchanged from the previous year.

Pfizer jumped $1¼ to $66⅝ after an analyst at Cowen & Company said the issue was one of the cheapest drug group stocks. The company's former 52-week high was $65⅝.

Among other drug company stocks, Merck gained $⅜ to $76¼, Bristol Myers rose $⅛ to $47⅞, SmithKline Beecham was up $⅛ at $46¼, Schering-Plough added $¼ to $74¾ and Marion Labs fell $¼ to $35⅞.

Wang Labs dropped $⅛ to $6. The troubled computer company is negotiating with its bank creditors to restructure its short-term debt and has said it would halt payments on some interest of its institutional debt.

Cooper Tire & Rubber dropped $1⅜ to $36 in heavy trading. The company declined to explain the unusual market activity.

Integrated Resources plummeted to $1⅝, down $⅝. Earlier in the week the financial services company told its creditors that it was in worse financial straits than expected.

Canada

A COMPUTER knocked out the Toronto Stock Exchange's automated systems for almost three hours yesterday morning. When trading resumed at 12.30 pm, the composite index rose sharply and by 1 pm was up 11.4 at 4,013.7.

Relaxed trader welcomes the revolution in Vienna

Judy Dempsey looks at changing styles in Austria

MR WERNER Schmid is one of those remarkably easy-going people, so much so that he would not strike the unsuspecting observer as a trader.

Apart from his relaxed manner, he does not don those coloured shirts with the white cuffs, the silk ties and the neat, if not coiffeured, hairstyle. Nor does he fit the image of the Wall Street or City of London types who seem to spend all their earnings on high mortgages and fast cars.

Yet Mr Schmid, 39, is a trader and a successful one. He works at Gutmann, a private Austrian bank formed at the turn of the century. In its bright, tastefully furnished offices in Swartzenburg Platz, a tram ride from the bourse, he spends half the morning.

The vast office conveys a sense of what Vienna must have been like in the halcyon days of the exchange. Mr Schmid is surrounded by framed share certificates. Some are in old dinars (Yugoslav currency), others are in Hungary's pre-war currency, a reminder of the importance of both Vienna and Budapest as trading centres before the Second World War.

From about 8 am, Mr Schmid makes phone calls and checks on his order book. About 80 per cent of buying and selling in Vienna is done over the phone; the remainder is done on the bourse floor, where he heads every day at about 11 am.

The bourse has none of the speed, excitement and frustrations of London. Still, as Mr Schmid jovially points out, the recent re-awakening of the market has at least created a new generation of Viennese yuppies. Their appearance on the trading floor would have been unthinkable even a year ago. "There used to be a few people here, and mostly always the same faces," says Mr Schmid. "The bourse ticked over. Just about."

Now that foreigners are taking a keener and more active look at Vienna, young Austrians are beginning to take the profession seriously.

In one of the corners of the bourse sits the crowd from Creditanstalt, the country's biggest bank. A few years ago, you would have seen less than a handful of the bank's traders, fiddling around and killing time. Now there are at least seven people, perched in front of their screens or chatting, making sure they do not crease their Wall Street-type shirts.

Next to them is Girozentrale, number two in the rankings. There, the yuppy set is far more casual, some of them even wearing tracksuits, teeshirts and jackets. The sweat does not seem to be pouring off them, no sign of panic here. Nor is there in the neighbouring Länderbank quarter, where the staff, in contrast to their neighbours, are all soberly dressed, quiet and busy making calculations.

Some of the brokers are not enthusiastic about the changes. "These computers and things, it's not the same," bemoans a gentle-speaking veteran. "All those young people. And before, well there'd be a man who would chalk up on the board the prices, the rises and falls. But now. Well. It all has to be fast."

Mr Schmid has no problems with the speed, probably because he thinks that for far too long the Vienna exchange reflected the amazingly slow pace of life in the Austrian capital. Now, finally, the country's citizens are looking outwards.

One thing he really appreciates is the increasing role played by the big banks. "Back in 1985, we had a real break. The foreigners started coming back. And what happened? Instead of rising to the challenge, the banks did not trade. The big banks didn't bother making an effort. They were not able to handle the volume. But not only that. They were not taking risks. They would sell, but not buy back – and what is a market which doesn't move both ways?"

As he completes his order book, Mr Schmid prepares to return to the office for a long afternoon of further phone calls. After all, Wall Street is only waking up.

Meanwhile, curious spectators look down from the balcony, wondering what is going on. Slowly but surely, the Viennese are realising there is more to money than locking it away in a savings account. Now that is real change.

This is the latest article in a weekly series.

Werner Schmid: successful trader without the silk ties

EUROPE

Amsterdam hits new high as Swedish turnover soars

THERE were a few sparks of interest in Europe yesterday, notably in the Dutch and Swedish markets, where new highs were reached. But trading in leading bourses was marked by a lack of energy, *writes Our Markets Staff.*

AMSTERDAM reached another record high in moderate volume worth Fl 743m as investors made the most of good news in the form of a stronger dollar – helpful for the exporters – and gains in leading overseas markets.

The CBS all-share index put on 1.2 to 206.3 and the tendency index was up 1.6 at 198.4.

NMB was popular again, with interest stimulated by a US broker's recommendation and rumours of a stock split. It gained Fl 4 to Fl 282.50 for a two-day rise of 2.5 per cent.

Hoogovens was the most active stock, rising Fl 2.30 to Fl 116.80 in the run-up to its first half results on August 25.

Hunter Douglas, the window covers maker, lost Fl 1.70 to Fl 117.80 after reporting higher first half profits on Tuesday. One analyst said most of the growth appeared to stem from lower tax charges, which had caused some disappointment.

Transport and storage stocks were boosted by news of higher first half cargo handling figures at Rotterdam harbour.

STOCKHOLM enjoyed one of its heaviest day's trading this year. The Affärsvärlden index rose 14.7 to 1,327.9, its 72nd record in 155 trading days so far in 1989, on turnover worth more than SKr510m, up from Tuesday's SKr360m.

Ericsson, which has benefited from analysts' recommendations, continued its advance. The telecommunications group's free B shares, which climbed above SKr600 last week, breached SKr700 before finishing SKr20 ahead at SKr695.

FRANKFURT made a brief attempt to find some strength again, but shares slipped back to finish only slightly higher, losing further ground in the after-market.

The DAX index ended 7.39 up at 1,581.04, near its low for the day, after hitting 1,594 earlier. The FAZ index at midsession showed a gain of 8.72 to 655.82. Volume recovered to an active DM5.2bn.

The strong opening, followed by a steady decline, was a sign that the consolidation phase was not yet over, said an observer.

VW led the early rise, reaching DM477 amid high expectations of next year's results, but rumours of a forthcoming capital increase ate into gains. The share price closed DM4.50 higher at DM469.50.

Tuesday's poorer-than-expected results from Hoechst continued to depress the chemicals sector as investors realised they had been over-optimistic about profits prospects. Hoechst lost DM1.80 to DM297 and Bayer DM3.50 to DM311.

PARIS found it hard to shake off the sluggish state induced by the four-day weekend and shares ended narrowly mixed. Most buying interest appeared to come from abroad, particularly London, since many French investors and dealers were on their summer holidays.

"I think it may be rather a deadly week," commented one broker. Turnover was estimated at FFr1.6bn to FFr1.8bn. The OMF 50 index was 1.04 higher at 513.64. The CAC General index, based on opening prices and thus reflecting activity on Friday, reached a record high of 509.80, up 2.6.

The Suez bid for Cie Industrielle and Victoire continued to generate some interest, with Suez rising FFr4.80 to FFr383.80, and Alspi, a holding company with an indirect stake in Industrielle, rising FFr29, or 5 per cent, to FFr589.

Cie Bancaire climbed FFr25 to FFr705. It is an affiliate of Paribas, seen as a possible backer for Industrielle if the group fights the Suez bid, which is expected to receive official clearance tomorrow. Bancaire is also regarded as a beneficiary of lower interest rates.

ZURICH was tipped off its day's highs by profit-taking, but most shares still rose in moderate trading. The Crédit Suisse index added 4.9 to 666.1.

Ciba-Geigy, the pharmaceuticals company, recovered from a low of SFr4,480 to close up SFr30 at SFr4,550 after announcing first-half group net profits up 23 per cent – below expectations – and predicting a rise in annual profits.

MILAN eased in fairly busy trading on the last day of the August account. Cir, Mr Carlo De Benedetti's holding company, continued to decline before today's rights issue, losing L20 to L5,990 and falling to L5,900 after the close. The Comit index shed 2.95 to 698.22.

MADRID ended lower as investors reacted to the sharply higher July inflation figure published on Monday. However, the general index lost only 0.36 to 311.42, with support coming from Telefonica, which rose 4.75 percentage points to 207.50 per cent of par.

BRUSSELS returned from its a two-day holiday with an uneventful day's trading.

Group AG, a leading insurer, rose BFr600 to BFr10,000 on hopes that French group Suez, with which it has strong links, would succeed in its bid for Victoire.

Cockerill, the state-owned steelmaker, closed BFr5 lower at BFr357 in lively trade after news of its share issue.

OSLO bounced back after several days of lacklustre trading. The all-share index rose 8.84 to 504.71.

SOUTH AFRICA

THE rise in the gold price and the weakening of the financial rand buoyed gold stocks which closed sharply higher in busy dealings. Platinums also rose.

ASIA PACIFIC

Rising yen lifts buoyant Nikkei past 35,000

Tokyo

HEARTENED by a rising yen and higher government bond prices, investors in the Tokyo market shook off the summer doldrums yesterday and drove shares to a record high, *writes Yuriko Mita in Tokyo.*

The market was buoyant throughout the day. Small-lot trading and index-linked institutional buying combined forces to push the Nikkei average to a close above the 35,000 level for the first time, surging 273.46 to 35,084.15.

On August 2, the index breached 35,000 during the trading session, but then fell back to close below it. The previous record close was 34,953.87 on July 31. Yesterday, the Nikkei moved between a high of 35,086.10 and a low of 34,819.29.

Investor interest initially centred on expensive, high-technology, blue chips, but buying soon spread to smaller shares that had been lagging. Share volume improved to 580m, up from Tuesday's 415m. Advances led declines by 621 to 258, with 205 issues unchanged.

The Topix index of all listed shares moved up 17.28 to 2,650.61; in London, the ISE/Nikkei 50 rose 3.44 from the Tokyo close to 2,112.59.

With the approach of the securities firms' half year accounts in September, many brokers were eager to promote what one analyst called "their favourite cause" – heavy-capital issues, such as steels and shipbuilders.

Nippon Steel, the most active issue, rose Y2 to Y832 on volume of 23.11m shares. Rumours persisted that life insurance firms and trust banks were buying as part of their pitches to win contracts to manage the company's pension funds.

Tokyo Steel hit a record of Y5,400 during the session and was the third most active stock with 11.79m shares traded. But later profit-taking sent it down Y30 to close at Y5,270.

Bridgestone, which, with two other leading rubber manufacturers, has won a big tyre order from Iran was the second most active stock with volume of 18.1m shares. Its stock has been perceived as undervalued and investors have been impressed by sales of its golf balls. The stock reached Y1,830, an all-time high, before closing at Y1,800, up Y50.

Osaka also gained ground, with the OSE average climbing 125.02 to 34,925.81. Volume reached 76m shares.

Roundup

THE BEST performer in the Asia Pacific region yesterday was New Zealand, followed by Taiwan. Most other markets ended only slightly changed.

NEW ZEALAND surged to a post-crash high on signs of continued economic growth and cuts in interest rates. The Barclays Index gained 54.29, or 2.4 per cent, to 2,277.21, passing the previous post-crash peak of 2,259.85 reached on August 8.

Volume was heavy at 47m shares, up from the previous day's 36m, as local investors displayed renewed confidence.

Figures showing a trade account surplus for the March quarter revealed that growth was continuing, not flattening out as some had predicted.

The market was also encouraged by a cut in home loan rates by Bank of New Zealand. Fletcher Challenge, the largest domestic home builder, gained 14 cents to NZ$5.30.

AUSTRALIA was encouraged by Tuesday's Federal budget and the announcement of a July current account deficit at the low end of expectations. The All Ordinaries index rose 6.0 to 1,719.4, although profit-taking trimmed an earlier 19-point gain. Turnover amounted to 117m shares worth A$248m.

HONG KONG strode ahead in morning trading, but gave up gains as nervous sellers emerged. The Hang Seng index ended 2.39 lower at 2,635.90.

Another government land auction, due today, and half-year results expected from Hang Seng Bank were cited as reasons for the caution. But volume climbed to HK$1.06bn from HK$911m on Tuesday.

Hopewell featured with a 10 cent rise to HK$3 press reports concerning a loan to finance its road-building plans in China's Guangdong province.

SINGAPORE recovered from earlier losses to end slightly higher, encouraged by the rebound in Tokyo. The Straits Times industrial index gained 5.73 to 1,377.30 in very active trading of 111m shares.

TAIWAN continued to advance, with the weighted index adding 114.08, or 1.2 per cent, to 9,689.76.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	TUESDAY AUGUST 15 1989: US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Day's change % local currency	Gross Div. Yield	MONDAY AUGUST 14 1989: US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX: 1989 High	1989 Low	Year ago (approx)
Australia (85)	148.94	−1.0	140.38	131.16	−0.3	4.74	150.43	140.80	131.57	157.12	128.28	145.81
Austria (19)	136.39	+0.0	128.55	137.73	+0.0	1.77	136.37	127.64	137.73	139.65	92.84	87.34
Belgium (63)	132.81	−0.2	125.18	133.63	+0.0	4.14	133.14	124.62	133.63	137.97	125.58	112.28
Canada (124)	151.60	−0.1	142.89	129.81	+0.3	3.08	151.73	142.02	129.43	153.59	124.67	118.30
Denmark (38)	194.31	−0.4	183.14	189.60	−0.2	1.57	195.09	182.59	189.99	219.89	165.35	122.68
Finland (26)	136.15	+0.2	128.33	125.04	+0.4	2.20	135.90	127.19	124.59	169.16	125.81	125.34
France (126)	127.43	−0.5	120.11	131.48	+0.0	2.87	128.02	119.82	131.48	133.44	112.87	89.51
West Germany (100)	94.53	−1.5	89.10	95.86	−1.1	2.13	96.01	89.86	96.78	100.53	76.58	73.76
Hong Kong (48)	110.73	−0.1	104.37	110.98	−0.1	4.87	110.82	103.73	111.07	140.33	86.41	105.40
Ireland (17)	159.08	−0.9	149.93	163.25	−0.7	2.57	160.58	150.30	164.38	166.69	125.00	129.13
Italy (97)	91.54	−0.3	86.27	95.57	+0.0	2.34	91.81	85.94	95.57	95.04	74.97	72.11
Japan (455)	186.49	−0.4	175.77	167.57	+0.0	0.48	187.23	175.24	167.58	200.11	164.22	164.00
Malaysia (36)	191.54	−0.9	180.54	187.63	−0.8	2.43	193.22	180.85	189.13	193.38	143.35	148.74
Mexico (13)	270.86	+0.8	255.29	753.10	+0.9	0.67	268.62	251.42	746.71	277.40	153.32	150.43
Netherland (43)	126.49	−0.3	119.22	126.72	+0.1	4.09	126.82	118.70	126.53	130.67	110.63	101.89
New Zealand (20)	78.54	+0.7	74.02	71.23	+1.2	4.85	77.99	72.99	70.40	81.13	62.64	78.36
Norway (24)	174.24	−0.2	164.22	167.79	−0.1	1.54	174.54	163.36	167.55	198.39	139.92	114.04
Singapore (26)	170.41	−0.1	160.62	153.69	−0.1	1.81	170.62	159.69	153.91	170.62	124.57	129.04
South Africa (60)	152.48	+0.3	143.71	137.44	+0.3	4.00	152.08	142.34	137.08	154.31	115.35	112.85
Spain (43)	154.68	−0.2	145.79	142.49	+0.0	3.61	154.93	145.01	142.49	158.06	143.14	146.45
Sweden (35)	186.07	+0.6	175.37	181.46	+0.7	1.92	184.90	173.07	180.11	186.94	138.45	113.34
Switzerland (64)	89.47	−1.2	84.32	93.04	−1.1	2.03	90.58	84.78	94.09	94.16	67.81	75.93
United Kingdom (310)	150.79	−0.6	142.13	142.13	−0.6	4.10	151.77	142.06	142.06	158.41	133.28	131.28
USA (561)	140.31	+0.4	132.25	140.31	+0.4	3.24	139.70	130.76	139.70	142.07	112.13	108.40
Europe (1003)	126.64	−0.7	119.36	123.97	−0.2	3.31	127.50	119.34	124.21	132.62	112.03	103.88
Nordic (121)	166.10	+0.2	156.44	160.48	+0.3	1.78	167.84	157.09	159.95	178.38	137.95	105.55
Pacific Basin (670)	182.22	−0.4	171.75	164.03	+0.0	0.70	182.96	171.24	164.05	194.72	160.44	160.97
Euro – Pacific (1673)	160.08	−0.5	150.88	147.95	−0.1	1.54	160.87	150.57	148.06	166.98	141.56	138.14
North America (675)	140.88	+0.4	132.79	139.67	+0.4	3.23	140.32	131.34	139.08	142.64	112.79	107.03
Europe Ex. UK (693)	111.30	−0.7	104.90	112.78	−0.4	2.72	112.08	104.91	113.18	116.28	96.30	88.89
Pacific Ex. Japan (215)	130.97	−0.6	123.44	119.65	−0.2	4.47	131.71	123.28	119.84	137.65	111.93	124.52
World Ex. US (1870)	159.78	−0.5	150.59	147.47	−0.1	1.61	160.53	150.25	147.55	166.35	141.49	137.21
World Ex. UK (2111)	151.88	−0.1	143.13	145.30	+0.1	1.98	152.06	142.32	145.14	155.86	136.98	124.72
World Ex. So. Af. (2361)	151.75	−0.2	143.03	145.04	+0.1	2.13	152.02	142.29	144.89	155.92	136.67	125.36
World Ex. Japan (1966)	135.39	+0.0	127.61	133.54	+0.2	3.32	135.42	126.75	133.29	138.25	115.51	106.72
The World Index (2421)	151.75	−0.2	143.03	144.99	+0.1	2.15	152.02	142.28	144.84	155.89	136.68	125.29

Latest prices were unavailable for this edition. Markets closed August 15: Austria, Belgium, France Italy and Spain.
Following changes in foreign ownership restrictions the market capitalisation of Brit.Aerospace (UK) has been increased.